



SUMCO

SUMCO Corporation CSR Report

2018

Message from the Management

SUMCO Vision

- 1 World's Best in Technology
- 2 Deficit-Resistant Even during Economic Downturns
- 3 Empower Employee Awareness of Profit
- 4 Competitiveness in Overseas Markets



CEO & Chairman of the Board

Mayuki Hashimoto



COO & President

Hisashi Furuya

Aspiring to Serve as a Good Corporate Citizen

Semiconductor devices are used in every facet of our lives, from information terminal devices such as smartphones and personal computers, equipment for telecommunications networks and data centers that process and store large volumes of information, home appliances including televisions and air conditioners, through to automobiles, trains and other vehicles. Providing the technological base for such devices, silicon wafers can also be considered critically important in maintaining today's standard of living.

SUMCO is a specialized silicon wafer manufacturing company. At the SUMCO Group, under our philosophy to contribute to the development of industry as well as to the improvement of people's quality of life through the supply of silicon wafers, our aim is to act in this way as a good corporate citizen, and we are therefore engaged in promoting CSR activities in accordance with SUMCO CSR Policy.

Compliance

The SUMCO Group follows the SUMCO Charter, a code of conduct that all officers and employees must comply with. The SUMCO Charter broadly covers various social norms that ought to be followed by companies, such as fair business activities, blocking relationships with anti-social forces, compliance with security trade control, etc., as well as compliance with laws and regulations.

Similar charters are implemented by all companies in the SUMCO Group. Our group-wide efforts will continue to ensure that our corporate activities are sound and in accordance with social norms.

Corporate Governance

The SUMCO Group endeavors to maintain fairness, efficiency and transparency in its management by further enhancing its corporate governance.

In March 2016, SUMCO shifted from a Company with a Board of Corporate Auditors to a Company with an Audit and Supervisory Committee. Directors who are Audit and Supervisory Committee Members with voting rights on the Board of Directors supervise the execution of operations by directors. We consider that the effectiveness of audit and supervisory functions with regard to directors has been enhanced as a result.

The SUMCO's Audit and Supervisory Committee comprises six Directors. Four of them, a majority, are Independent Outside Directors. Those appointed as Independent Outside Directors are an attorney, a management consultant who is a certified public

accountant, a person with experience in the public sector as well as corporate management, and an expert in the field of metallic materials research. Bringing in a great breadth of knowledge and insight derived from the diversity of their backgrounds, the Board of Directors engages in vibrant discussion to contribute to the sustained growth of the Company as well as to enhancement of corporate value over the medium to long term.

Risk Management

The SUMCO group has a global market share of approximately 30%, meaning that many of electronic devices around the world utilize our silicon wafers. The stable supply of products is therefore our most critical management challenge and an important social responsibility.

In addition to managing risks to ensure stable supply, SUMCO takes steps to maintain and improve its business continuity plans that include supply chain-related measures.

Environmental Conservation

The production of silicon wafers requires plenty of electricity, water, and chemical substances. The SUMCO Group strives to reduce its use of each of these, as well as the amount of industrial waste generated, by setting reduction targets for each item.

We also ensure that harmful chemical substances

and waste are handled and managed properly to minimize the environmental risks resulting from our business activities.

With Our Stakeholders

The SUMCO Group aspires to promote social development through the supply of silicon wafers while endeavoring to contribute to the well-being of the stakeholders who support us.

Based on the commitment to give top priority to the safety and health of our employees, we view their health as a critical management resource, and we have reinforced measures for health management since 2017. With the Chief Health Officer taking the lead, we set targets for reducing the smoking rate, providing mental health care, and other such matters, and we are promoting various activities in these areas. Since health maintenance and improvement is based on everyday voluntary activities by employees themselves, we are also reaching out to employees' families so that they can work together within their families with a shared consciousness of health.

Going forward, we intend to continue engaging in various types of dialog with stakeholders in order to actively absorb their opinions desires, and reflect them in our management activities.

Relationships with Stakeholders

SUMCO endeavors to fulfill its responsibilities to stakeholders, who support our business activities.



Our Main Responsibilities to Stakeholders

- Customers**
 - Enhance customer satisfaction (Maintain and improve the quality of products and services)
- Shareholders**
 - Return profits (dividends, etc.)
 - Enhance corporate value
- Suppliers**
 - Develop a solid and sustainable supply chain
- Employees**
 - Offer secure employment
 - Return profits (bonuses, etc.)
 - Build a favorable work environment (mental health, childcare/nursing care leave)
- Local communities**
 - Create employment, Pay taxes
 - Support the improvement of local environments
 - Support local educational and cultural activities

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Editorial Policy

The objective of this report is to convey the SUMCO Group's stance on CSR and report its activities to stakeholders in order to enhance their understanding and earn their support. This report has been prepared with reference to portions of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, Version 4.

Period Covered

January 2017 to December 2017
Data for periods outside the above are noted as such.

Organizations Covered

SUMCO Corporation and its Group companies. "SUMCO" and "the Company" as used in this report refers to SUMCO Corporation. The Financial Highlights cover SUMCO Corporation and its consolidated subsidiaries. Other performance data outside the above scope are noted as such.

Publication

May 2018
(Planned publication of the next issue: May 2019)

Note Regarding Forward-Looking Statements

Projections, predictions, prospects, and other forward-looking statements contained in this report are made by the Company based on the information available at the time of the release of the statements and therefore are subject to risks and uncertainties. Due to various factors, actual results may vary significantly from results anticipated in the forward-looking statements.

Outline of the SUMCO Group

(As of April 1, 2018)

Company Information

Trade name	SUMCO Corporation
Head office	1-2-1 Shibaura, Minato-ku, Tokyo
Establishment	July 30, 1999
Main business	Manufacture and sales of silicon wafers for semiconductors
Capital	138.718 billion yen
Representative	Mayuki Hashimoto, CEO & Chairman of the Board
Group companies	7 companies in Japan; 12 companies abroad

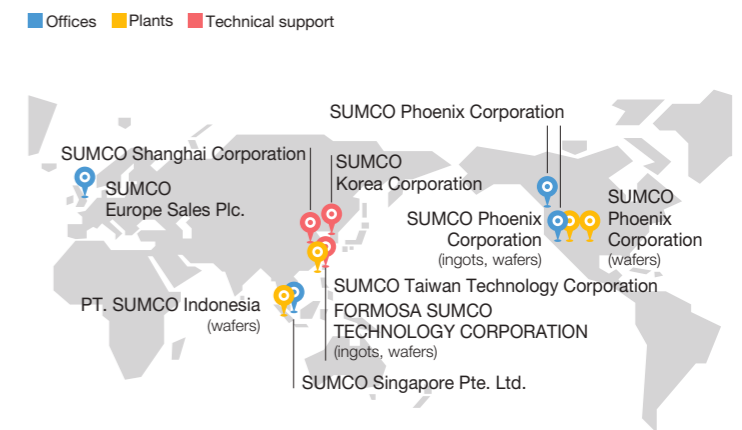
Group Companies

Japan	SUMCO TECHXIV Corp.	SUMTEC Service Corp.
	SUMCO Technology Corp.	SUMCO Insurance Service Corp.
	SUMCO Service Corp.	Japan Formosa SUMCO Technology Corporation
	SUMCO Support Corp.	
Overseas	SUMCO Phoenix Corporation	PT. SUMCO Indonesia
	SUMCO Southwest Corporation	SUMCO Singapore Pte. Ltd.
	SUMCO Funding Corporation	SUMCO Korea Corporation
	STX Finance America, Inc.	SUMCO Taiwan Technology Corporation
	SUMCO Personnel Services Corporation	SUMCO Shanghai Corporation
	SUMCO Europe Sales Plc	FORMOSA SUMCO TECHNOLOGY CORPORATION

Network in Japan

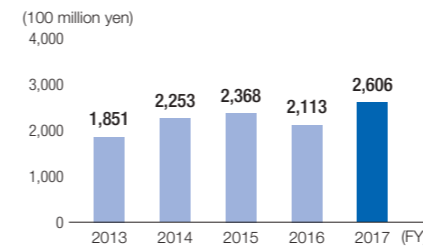


Overseas Network

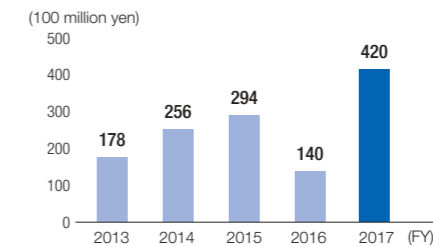


Financial Highlights

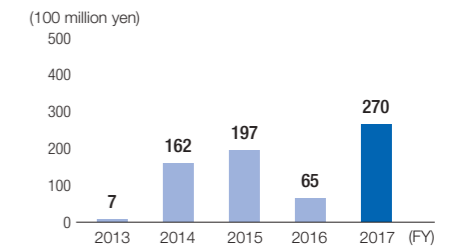
Net sales (consolidated)



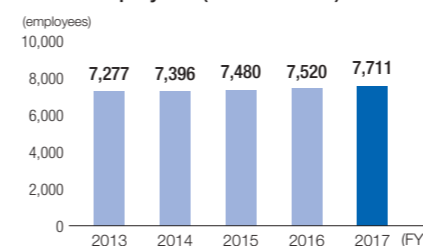
Operating income (consolidated)



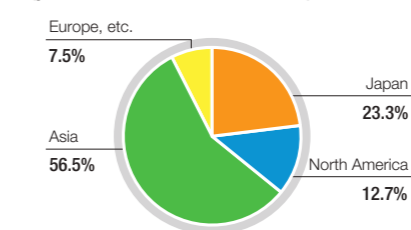
Net income/loss attributable to owners of the parent company (consolidated)



No. of employees (consolidated)



Sales composition by region (year ended December 2017)

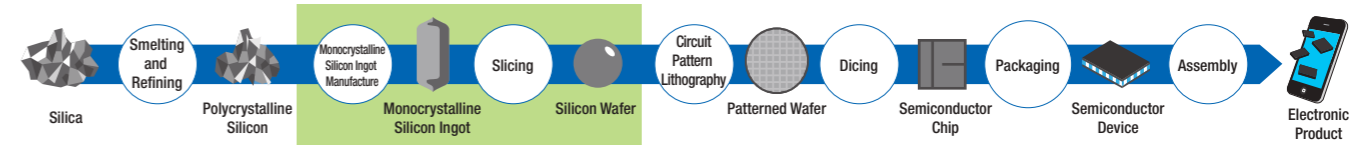


*Fiscal year 2013 is the 11-month period from February to December 2013

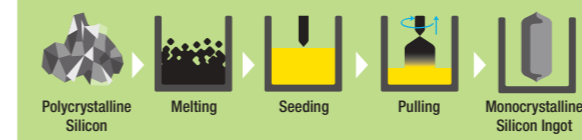
SUMCO Products That Support Our Lives

SUMCO manufactures silicon wafers, which serve as the core and base of semiconductor devices. Semiconductor devices that use SUMCO's silicon wafers as their main materials support our lives in a variety of ways, from electronic devices around us such as mobile phones, computers, smartphones, digital appliances, to automobiles, medical equipment, control units for industrial machines, as well as the management of public transportation or infrastructure.

Manufacturing Silicon Wafers



Monocrystalline Silicon Ingot Manufacturing Processes



Wafer Processes



The production of silicon wafers is generally divided into two processes: the monocrystalline silicon process and the wafer process. In the monocrystalline silicon process, polycrystalline silicon is melted to produce monocrystalline silicon ingots. In the wafer process, these monocrystalline silicon ingots are sliced into wafers, which are then polished and cleaned to create a flat, mirror-like surface.

Smartphones, Tablets, Computers

Large numbers of cutting-edge semiconductors are used in telecommunications equipments, including logic chips to run various applications—such as e-mail and internet browsing, sensors for taking photographs, and memory to store photographs and other data. Every year the functions of these semiconductors become more sophisticated, and they are made using SUMCO silicon wafers.

Data Centers (Server Rooms)

With smartphones and computers becoming increasingly sophisticated, vast quantities of data in the form of high-resolution photographs and videos are being processed in the cloud and stored in data centers. SUMCO's high-precision, leading-edge silicon wafers are used for memory and logic chips that store and process enormous amounts of data.

Cameras

Digital cameras record precious memories while surveillance cameras protect public safety. As the "eye" of these cameras in taking videos and images, semiconductor devices called image sensors are used. The high quality and reliability of these image sensors are also supported by SUMCO's silicon wafers.

Automobiles

Numerous semiconductor devices are already at work inside motor vehicles. An extremely high level of quality and reliability is required for silicon wafers to be used for motor control in electric vehicles (EV) and hybrid vehicles (HV/PHV) and for driver assistance systems such as self-driving, automatic-braking, and lane-keeping functions in driver assistance systems.

IoT / Digital Appliances

IoT devices are devices that are connected to the Internet, including wearable devices and digital appliances that can be operated via smartphone. SUMCO's silicon wafers are used in semiconductors and sensors that enable data communication by these IoT devices.

Smart Card Devices

Trains, Bullet Trains

Devices called power semiconductors are used to control electric power. These are technically complex devices, making this a specialized field. Power supply control for heavy electric machinery, in particular, such as electric trains that use power of over 1000 V, requires special know-how for the silicon wafers, as well.

Medical Equipment

With the progress seen in medical technology, silicon wafers which are used in the medical equipment require high reliability, especially as human lives are involved.

Power Generation Facilities and Public Infrastructure

SUMCO Strives to be an Excellent Company through the Combined Power of All its Employees.

1 World's Best in Technology

SUMCO's technologies and ability to ensure a stable supply of products are praised by our customers the world over. In fact, our outstanding performance has been officially recognized by many semiconductor manufacturers with their excellent supplier awards.

In March 2018, we received the Supplier Continuous Quality Improvement (SCQI) Awards for the 16th consecutive year from Intel Corporation, the world's largest semiconductor manufacturer. We also received the Excellent Performance Award for the fourth consecutive year from Taiwan Semiconductor Manufacturing Company (TSMC), the world's largest foundry. From Samsung, the world's largest semiconductor memory manufacturer, we received the 2017 Best in Value Award. SUMCO has therefore achieved the feat of simultaneously winning awards for four consecutive years from the top three companies in semiconductor sales.

Using this recognition as a springboard to an even higher level of success, we will make greater efforts to promote cooperation with our customers based on long-term commitment and mutual trust, and to enhance our technological capabilities.



Photography: Chip Holley, Chip Holley Productions 1

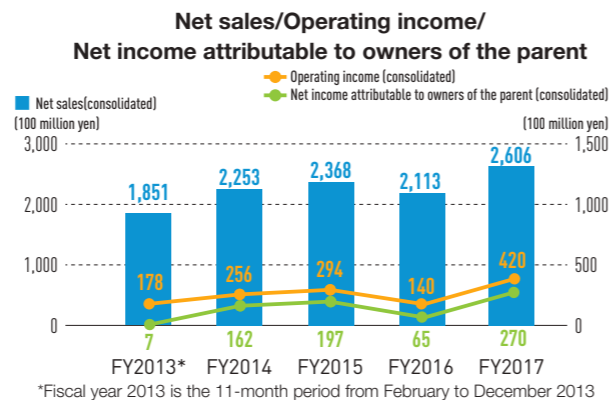


1 Supplier Continuous Quality Improvement (SCQI) Award from Intel
2 Excellent Performance Award from TSMC
3 Best in Value Award from Samsung

2 Deficit-Resistant Even during Economic Downturns

The silicon wafer industry is characterized by major short-term changes in its business environment. The SUMCO Group has been making progress toward achieving a structural operation system in order to avoid deficits even during economic downturns, and we've been pursuing the improvement of the break-even point through cost reduction.

With our continuous efforts in cost reduction, quality improvement and product differentiation from competitors, we will further strive to keep making profits in whatever economic situation we find ourselves.



3 Empower Employee Awareness of Profit

Rather than the chairman/president or executives, it is the employees that are the actual driving force of a company.

All employees of the SUMCO Group share the SUMCO Vision, have high profit and cost awareness, and work to identify and solve issues. In hopes of further stimulating their awareness and activities, CEO & Chairman of the Board, the Vice Chairman and COO & President visit each plant frequently to hold management briefings in order to share the issues facing the Group in the current business environment.

Our vision of becoming the "World's Best in Technology" and "Deficit-Resistant Even during Economic Downturns" cannot be

realized unless all employees are highly motivated and committed to working hard for the goal. In order to increase employee's motivation, SUMCO evaluates efforts and accomplishments appropriately with a variety of awards.

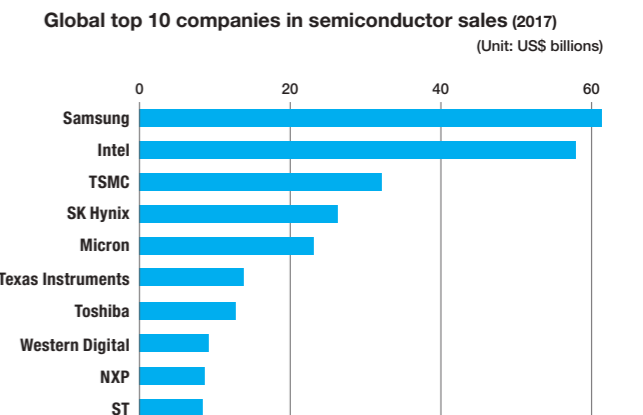
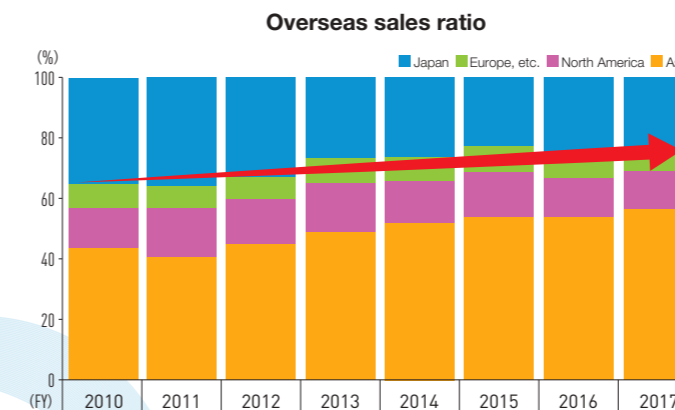
Furthermore, with the aim of cultivating a workplace in which all employees can work comfortably, SUMCO has been taking further steps toward supporting employees raising children to find a greater work-family balance. As part of the project, SUMCO offers various work styles with flexible time shifts and has set up an in-house nursery school at the Kyushu Factory (Imari), our largest manufacturing site.



1 Company-wide TPM presentation
2 Business conditions briefing (by Michiharu Takii, Vice Chairman)
3 Employees of SUMCO Europe Sales Plc
4 Employees of SUMCO Phoenix Corporation

4 Competitiveness in Overseas Markets

The SUMCO Group has plants in the United States, Taiwan, and Indonesia, as well as a network of sales offices in various parts of the world, allowing us to supply silicon wafers on a global scale. Nearly 80% of our sales come from the overseas market and we are proud to inform you that all of the top 10 global companies in semiconductor sales are customers of the SUMCO Group. The solid and longstanding relationships with these companies are the greatest advantage of us. To further reinforce this advantage, we actively recruit employees with outstanding talent regardless of nationality.



*Excludes Fables, includes Foundry
Created by SUMCO based on IC Insights' Strategic Reviews database

SUMCO's Stance on CSR

Based on SUMCO's aim of playing a leading role in the development of industry and the improvement of living standards through the supply of silicon wafers, an essential substrate material for semiconductor devices, SUMCO aspires to serve society as a good corporate citizen. As such, SUMCO undertakes a wide spectrum of CSR activities.

SUMCO CSR Policy

1. Supported by its cutting edge technology, SUMCO shall steadily provide products and service with excellent quality, ability and safety, shall win customers' satisfaction and trust, and shall contribute to the sustainable development of society.
2. SUMCO shall produce legitimate profits, grow corporate value, proceed with timely and appropriate disclosure to the public, and aim at returns to its shareholders and investors.
3. SUMCO shall comply with law and regulations, international rules, and social norms, shall implement risk management, and shall maintain business continuity.
4. SUMCO shall choose its suppliers by fair and rational standards, establish mutual confidence, and prosper together.
5. SUMCO shall manage environmental activities, make use of resources and energy efficiently, and control emission.
6. SUMCO shall maintain safe, healthy, comfortable and appropriate workplaces for everybody working in SUMCO, shall have a high regard for human rights, ability and personality, and shall realize fair and diverse ways of working.
7. SUMCO shall respect various cultures and histories, and shall interact with society and local communities.

Compliance

SUMCO Charter of Corporate Conduct

For the Group's further growth with fulfilling its social responsibility, the SUMCO Group has instituted the SUMCO Charter of Corporate Conduct to define the norms that the Group's employees should uphold, not only in terms of compliance with laws and ordinances, but also more broadly in terms of CSR in general. The SUMCO Charter of Corporate Conduct is positioned as the highest level of SUMCO regulations, and is placed above the various in-house regulations and compliance programs found within the Group.

The SUMCO Charter of Corporate Conduct will be kept available on the corporate intranet at all time in order to further broaden employee awareness of it. Education in the SUMCO Charter of Corporate Conduct is also being provided to all employees on a regular basis.

In accordance with the SUMCO Charter of Corporate Conduct, the Company appoints a Chief Compliance Officer to embody the highest level of responsibility for compliance. The Chief Compliance Officer monitors the status of compliance with

the SUMCO Charter of Corporate Conduct by means of compliance supervisors in each department and Group company, regularly reports findings to the Board of Directors, and undergoes review by the Board.

In order to further ensure positive compliance with laws and ordinances, the Legal Oversight Regulation establishes the Company's department with primary responsibility for overseeing those laws and ordinances that are related to the execution of that department's business. Each responsible department continuously monitors the enactment, amendment, and abolishment of relevant laws and ordinances. Audit departments also confirm the status of legal compliance when conducting internal audits.

In the event that a problem relating to compliance is discovered, the departments involved act in cooperation and under the supervision of the Chief Compliance Officer to immediately investigate the cause of the problem and prevent its recurrence.

Internal Hotline

SUMCO has introduced an internal reporting hotline which is available to all employees for reporting actions violating laws and ordinances as well as those violating the SUMCO Charter of Corporate Conduct. In addition to an in-house contact point for internal reports, an external contact point (an attorney) has also been provided so that employees can make reports without anxiety. Anonymous reports are accepted and retaliation against people who make reports is strictly forbidden.

The Company makes every effort to provide employees with thorough knowledge about the internal reporting hotline. Information on how to use the hotline and about contact points for consultation are made available at all time on the corporate intranet. These matters are also explained during the education sessions on the SUMCO Charter of Corporate Conduct that are provided regularly for all employees.

Fair Business Activities/Anti-Corruption

SUMCO is committed to promoting fair business activity and preventing bribery and other forms of corruption, and the SUMCO Charter of Corporate Conduct clearly provides for legal compliance, fair competition, and prohibition of any wrongful provision of profits to public servants and other officials. SUMCO sets forth further detailed provisions in the Regulations on Handling the Grant of Benefits.

The Regulations on Handling the Grant of Benefits prohibits (1) unlawful political contributions and donations; (2) entertainment or gifts in connection with the duties of public servants; (3) financial benefits in connection with the exercise of shareholder's rights; (4) excessive entertainment, gifts, or other such benefits that exceed commonly accepted bounds in society; and any unlawful benefit as well as the entire range of transactions that are recognized as wrongful or improper in light of what is commonly accepted in society. The Regulations also define standards for making donations, providing sponsorship, paying entertainment expenses, giving celebratory or condolence gifts, paying membership dues to external organizations, and outsourcing operations. These activities are to be conducted through appropriate approval processes.

SUMCO keeps the Regulations on Handling the Grant of Benefits available at all time on the corporate intranet in order to make it widely known. We also provide training on the SUMCO Charter of Corporate Conduct to thoroughly familiarize all officers and employees with it, and the status of compliance with these provisions is regularly reported to the Chief Compliance Officer.

We understand that none of tantalum, tin, gold nor tungsten is necessary to the functionality or production of a product manufactured by us, and that thus our product is not subject to the Conflict Mineral regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act of the United States of America in 2010.

Export Control

To ensure export control compliance aimed at maintaining international peace and security, SUMCO established and implemented its Security Export Control Rules. The Company screens customers and transactions under the Rules, and with regard to export of goods or provision of technology to non-resident, it checks whether the due process under the Rules are followed before commencing the export or technology provision.

Renouncing Relationship with Antisocial Forces

SUMCO Charter of Corporate Conduct declares that the Company denounces any kind of relationship with antisocial forces and rejects any requests or demands from such forces. It is ensured through education and training that all executives and employees of the Company are constantly reminded of the importance of this policy.

Activities on Intellectual Property

As its basic policy, the SUMCO Group attaches importance to the protection of intellectual property and utilizes it as a strategic tool for the Group's business while at the same time respecting the intellectual property rights of third parties. Under this policy, we have established internal rules to define how we obtain, maintain, and utilize intellectual property rights; prevent infringements; and provide training to employees.

The Intellectual Property Division actively conducts various intellectual property operations in cooperation with other departments. Obtained intellectual property rights are reviewed periodically to eliminate obsolete intellectual property so as to keep costs at a reasonable level.

Information Management

SUMCO clearly stipulates the appropriate use and management of information in the SUMCO Charter of Corporate Conduct as well as has established "Rules on Information Management" along with other related regulations and guidelines to prevent the leakage of trade secrets and customer information.

The Company takes steps to appropriately manage personal information by establishing "Rules on Personal Information Management" in accordance to the Act on the Protection of Personal Information.

Preventing Information Leakage

SUMCO undertakes tangible measures to prevent information leakage by managing various computer system-related risks involving external attacks via the internet, unauthorized usage, and the spread of computer viruses.

Corporate Governance

■ Corporate Governance Structure

① Basic Stance on Corporate Governance Structure

SUMCO is organized as a Company with an Audit and Supervisory Committee. By adopting this system, the effectiveness of supervision has been enhanced through audits conducted by Directors who are Audit and Supervisory Committee Members and have voting rights at Board of Directors meetings. In addition, the effectiveness of internal controls has been enhanced through audits conducted with the support of the Internal Audit Department.

② Composition and Roles of the Board of Directors

The SUMCO's Board of Directors comprises six Directors (excluding Directors who are Audit and Supervisory Committee Members) and six Directors who are Audit and Supervisory Committee Members (of whom four are Independent Outside Directors). The Board of Directors is comprised of Inside Directors with a proven record of performance in their respective areas of responsibility and outstanding management abilities, and Outside Directors with expert knowledge and abundant experience, based on the basic stance of the Company to ensure achieving an overall balance and diversity in the knowledge, experience, and capabilities of the Board of Directors.

In accordance with legal statutes, the Articles of Incorporation, and the Rules of the Board of Directors, the Board of Directors makes decisions on management strategy, management plans, and other such important matters relating to business, it receives reports from every Director on the status of the execution of duties, and it exercises supervision of the status of important matters of business execution at affiliated companies, compliance, internal controls, and risk management. The Board of Directors, with the participation of Independent Outside Directors, also engages in the free exchange of opinions regarding the appropriate evaluation of company performance and related matters, and reflects that evaluation in the personnel administration of top management members.

It is our basic company policy that matters relating to financial results and so on, matters relating to management plans, and the execution of other such important operation will be decided after enough discussion by the Board of Directors, including the Independent Outside Directors. For this reason, the Articles of Incorporation do not stipulate that decisions on the execution of important business can be delegated to each Director.

③ Independent Outside Directors

SUMCO has appointed four Independent Outside Directors. One is an attorney; one is a management consultant who has experience working as a certified public accountant; one is a person with wide experience and knowledge cultivated through experience in the

public sector as well as many years of experience in corporate management; and one is an individual with knowledge as an expert in the field of metallic materials research and experiences cultivated through years of working as a university professor.

Every Independent Outside Director at SUMCO satisfies the "Criteria of Independence" (presented below in this Report), and it is also a requirement for appointment that they are not subject to any concern regarding conflict of interest with general shareholders.

In an effort to ensure the ongoing growth of the SUMCO Group and increase its corporate value over the medium to long term, the Independent Outside Directors provide advice on management policy and improvement based on their own individual knowledge and take the perspective of minority shareholders and other stakeholders in supervising management. They participate in the appointment of candidates for Director and other important decision-making by the Board of Directors, and supervise business execution by the Board, top management, and others as well as conflicts of interest between the Company and top management and others.

④ Audit and Supervisory Committee

The Company's Audit and Supervisory Committee is composed of six Directors who are Audit and Supervisory Committee Members (of whom the majority of four are Independent Outside Directors). In order to assure the effectiveness of Audit and Supervisory Committee activities, permanent Audit and Supervisory Committee Members are put in place by the mutual vote among Audit and Supervisory Committee Members. In addition, it is the Company's basic policy to take steps to ensure that at least one Audit and Supervisory Committee Member who has considerable knowledge and experience pertaining to finance and accounting. In addition, the Company established the Audit and Supervisory Committee Office and assigns staff to support the activities of the Audit and Supervisory Committee and to facilitate the smooth conduct of audits.

The Audit and Supervisory Committee exercises its statutory right of investigation and audits the Directors' execution of their duties from the viewpoints of appropriateness and conformance with laws and regulations and the Articles of Incorporation by inspecting and confirming the status of compliance with laws and regulations, Articles of Incorporation, and so on, and by monitoring and otherwise supervising the development and operational status of the system of internal controls, including the internal controls relating to financial reporting.

⑤ Nomination and Remuneration Committee

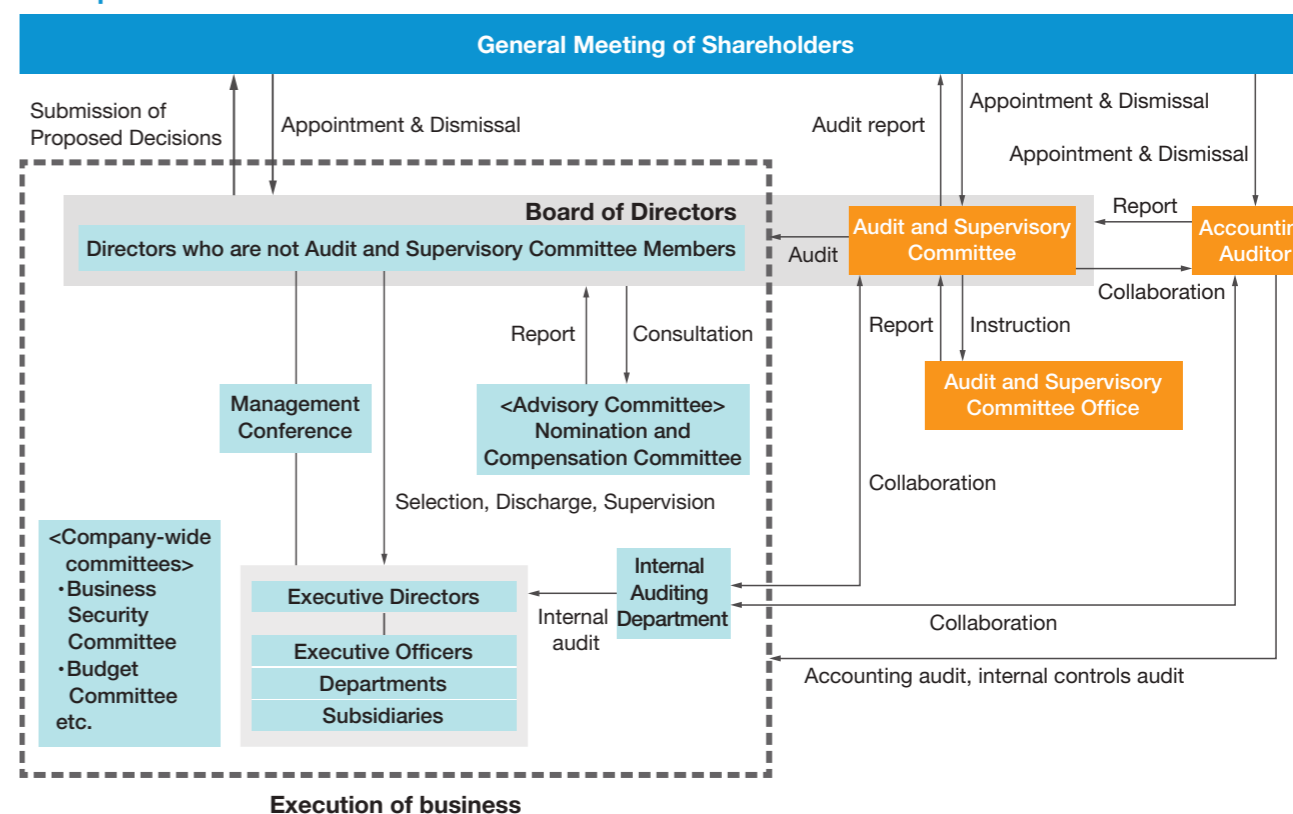
In an effort to further enhance its corporate governance, SUMCO has established a Nomination and Compensation Committee

composed of two internal Directors and two Independent Outside Directors to serve as a discretionary advisory body for the Board of Directors.

The Nomination and Compensation Committee receives inquiries from the Board of Directors regarding the process for selection of candidate Directors of SUMCO (excluding Directors who are Audit and Supervisory Committee Members), their qualifications, the reasons for their designation as candidates, the

structure of executive remuneration, and related matters. The committee examines the appropriateness and other aspects of the matter of inquiry and, also taking evaluations of company performance into account, delivers its findings. The Board of Directors, receiving the findings of the Nomination and Compensation Committee, designates candidate Directors (excluding Directors who are Audit and Supervisory Committee Members) and decides on their remuneration and related matters.

■ Corporate Governance Structure



Criteria for Independence

In addition to the criteria for independence determined by the Tokyo Stock Exchange, SUMCO deems a person who falls under any of the following definitions not independent:

1. A person who currently meets any of the definitions listed in ① – ⑦ below.
 - ① A major shareholder of SUMCO (shareholder with 10 percent or more of total voting rights in SUMCO), or an executive of the same.
 - ② An executive of a major lender of funds to SUMCO (lender of amounts equivalent to 2 percent or more of SUMCO's consolidated total assets).
 - ③ An executive of a securities company acting as SUMCO's lead managing underwriter.
 - ④ An executive of a business partner of SUMCO (business partner that accounts for 1 percent or more of SUMCO's consolidated net sales, or for which SUMCO accounts for 1 percent or more of its consolidated net sales).
 - ⑤ A partner to SUMCO's Accounting Auditor, or an employee of the same who is engaged in auditing SUMCO.
 - ⑥ An expert or consultant in law, accounting, taxation, etc., receiving remuneration in excess of 5 million yen per year from SUMCO, excluding remuneration received as a director (provided that, when the entity receiving the said remuneration is a juridical person, a partnership, or other form of organization, an executive of the entity receiving such remuneration in excess of the smaller of 10 million yen or 1 percent of the entity's total annual revenue).
 - ⑦ An executive of an organization receiving donations in excess of 5 million yen per year from SUMCO.
2. A person who fell under any of the definitions listed in ① – ⑦ above at any time during the past three years.

*For more details on SUMCO's corporate governance policies, please visit the Company's Corporate Governance Basic Stance website.

*Details on the Company's corporate governance reports can be confirmed at the Japan Exchange Group website's Corporate Governance Information Search.

Risk Management

SUMCO identifies major possible risks in our business and defines policies to address them at the Business Security Committee (BSC), which is an organization responsible for company-wide risk management, based on the "Risk Management Basic Policies," which specifies basic items related to risk management. At each department overseeing risk factors, measures are taken to prevent risks based on these policies. Additionally, emergency frameworks are established to minimize damage when an emergency occurs, including the route of communication or the establishment of an emergency task force.

Risk Management Basic Policies

To ensure the protection of all resources necessary for the continuation of business activities, including personnel, property, funds, and public trust, SUMCO regularly promotes measures to:

- (1) predict risks and prevent their occurrence (preventive measures against risk occurrence); and
- (2) minimize damage in the event of risk materialization (response measures to minimize damage).

Our basic policy in promoting risk countermeasures is as follows:

- a. Prioritize risks by likelihood of occurrence and severity of impact to ensure optimum allocation of management resources and maximize effectiveness of measures.
- b. Minimize damage and loss by preventing the suspension or discontinuation of business activities to ensure business continuity in the case of an accident or other emergency situation.

Major Risks Recognized in Risk Management Basic Rule

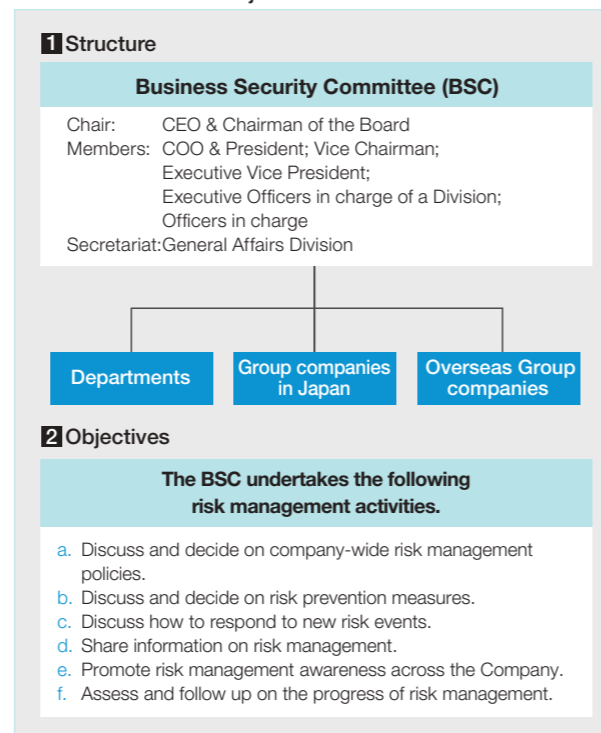
- 1 Risks on General Management
- 2 Risks on Accidents and Disasters
- 3 Risks on Discontinuation of Business
- 4 Risks on Compliance
- 5 Risks on Information
- 6 Risks on Intellectual Properties
- 7 Risks on Human Resources and Employment
- 8 Risks on Taxation, and Accounting
- 9 Risks on Products and Services
- 10 Risks on Safety and Health
- 11 Risks on Environment
- 12 Risks on Credit Limit

Business Security Committee (BSC)

Established to take charge of SUMCO's risk management as a whole, the Business Security Committee (BSC) is responsible, among other things, for formulating the Company's risk management policies and assessing the progress of risk management.

With regard to specific risks, such as those involving information leakage, the financial market, and product quality, appropriate controls are established under dedicated internal rules.

BSC's Structure and Objectives



Ensuring Business Continuity

Our Risk Management Basic Rules define the business continuity plan (BCP) as an important management issue, and we have been developing and improving our business continuity plan accordingly.

The BSC, explained above, formulates the plan and monitors and reports on the progress of improvement. Based on this, each department takes steps to strengthen risk management and responses to risk events.

Establishment of emergency frameworks

In case a large-scale disaster such as a major earthquake or an accident should occur, we have established frameworks including manuals defining initial responses or the establishment of Emergency Response Team, to respond immediately, ensure the safety of employees, protect our assets, and aim to resume our businesses as soon as possible.

In fiscal year 2017, we conducted BCP drills to set up the Emergency Response Team at Kyushu Factory and transfer operations from the Tokyo Head Office to alternatives, in order to prepare against the eventuality of a strong earthquake occurring directly below the Tokyo Metropolitan area that makes it difficult to maintain operations at the Tokyo Head Office.

Safety Confirmation System

In the event of a major earthquake or other large-scale disaster, stricken regions are expected to experience temporary paralysis of social infrastructure and telephone service disruptions. To address this issue, the SUMCO Group introduced "Safety Confirmation System" which is able to quickly and reliably provide information of the status of employees working in Japan.

This system has improved our ability to quickly determine the status of employees as well as provide necessary communications during emergencies. We think these functions help speed up post-disaster recovery efforts.

Computer System-Related Disaster Countermeasures

The Company has ensured redundancy for backbone and other important computer systems and established equivalent back up servers in order to continue business operation even in the event that one of our plants or offices are damaged by a large-scale disaster such as a major earthquake.

Emergency drills (Emergency situations)

At the SUMCO Group, we annually simulate the possibility of emergency situations (earthquakes, typhoons, explosions, fire disasters, leakage of chemicals, etc.) and assess or identify any risk factors in such situations. For high-risk factors, we improve our facilities and plan and conduct training for all relevant personnel as well as drills based on manuals.

One example was the scenario of a chemical leak, fire, or some other disaster that generates smoke and results in casualties. Rescue team members from an in-house fire brigade composed of employees held drills using breathing apparatus. Another drill used cloth stretchers in a scenario of evacuation by stairway. These and other such drills are conducted throughout the year.

After each drill, we identify problems and review procedures in a process of continuing improvement to make our responses to emergency situations as quick and certain as possible.

Additionally, we simulate the possibility of the leakage of chemicals when delivering them, and regularly conduct joint drills with clients to whom we deliver such products on the response to be taken, so that we can deal with the situation safely and smoothly.



Holding rescue drill while wearing breathing apparatus



Drill using cloth stretcher for evacuation by stairway

Training for Total Evacuation

The SUMCO Group conducts comprehensive drills, nighttime/nonworkday drills, and non-comprehensive drills (firefighting/reporting/evacuation) every year. As part of the comprehensive drill, in addition to joint training with the fire station, there is also training for first-aid firefighting, the use of fire hydrants by the Company's firefighting team, and operation of the Company's own fire engine, which is conducted on the hypothesis of a fire caused by an earthquake.

For the nighttime/non-workday drill, we identify and address problems that cannot be discovered on workdays or during the day.



First aid and rescue drill



Initial firefighting drill

Environmental Management

SUMCO Environmental Policies

1. Basic Environmental Philosophy

As a manufacturer of high-quality silicon wafers for semiconductors and of quartz crucibles, SUMCO has established the following action guidelines and is committed to self-initiated and sustained environmental conservation activities to pass on the Earth's irreplaceable environment to future generations.

2. Environmental Action Guidelines

1 Through our business activities, we shall pursue activities with an emphasis on the following points.

- (1) We shall act to conserve electricity and other energies consumed by our business activities, thereby curbing emissions of greenhouse gases.
- (2) We shall strive to reduce waste and increase the recycling and reuse rates.
- (3) We shall strive to reduce chemical substances used in our business activities.
- (4) We shall thoroughly manage harmful chemical substances and waste, thereby reducing the risks to the environment.

2 We shall abide by environment-related laws and regulations, bylaws, and other agreed requirements.

3 We shall strive to prevent environmental pollution in our entire business activities and undertake efforts to protect the global environment and coexist in harmony with local communities.

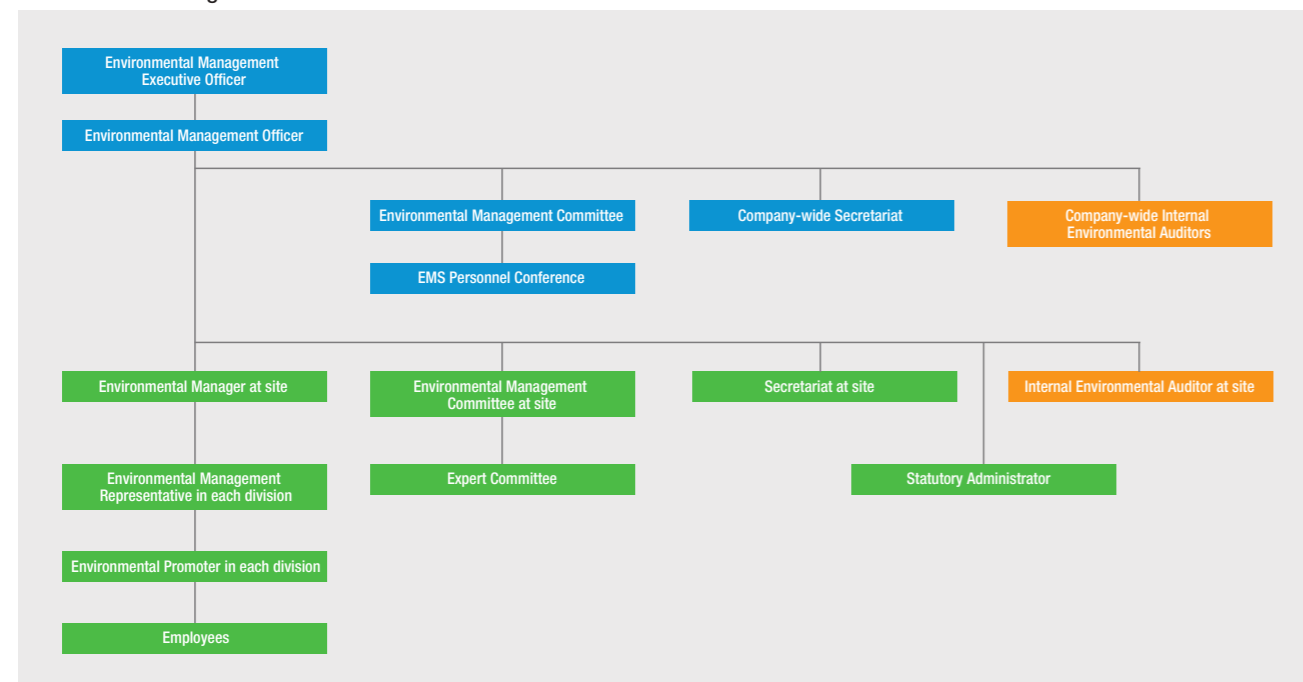
4 We shall define environmental objectives and targets, and by periodically reviewing these objectives and targets, shall promote continuous improvement of our environmental management system.

January 1, 2017

Environmental Management Structure

The environmental management officer and the environmental managers at the sites report to the environmental management executive officer and act in accordance with their respective roles, responsibilities, and authorities. Information and instructions are communicated and shared at the meetings of the Environmental Management Committee and the Environmental Management Committee at each site.

Environmental Management Structure



SUMCO's Environmental Objectives

We set our environmental objectives for the 2015-2017 period, and work to achieve those objectives. The previous year's performance defines the base year. The status of our performance is checked semiannually, and our target figures are reviewed as necessary.

2017 Results

(based on per-unit production)

Action items in business activities	Midterm targets: 2017	Base year	2017 targets	2017 results
Reduction of power consumption (reduction of CO ₂ emissions)	Reduction by 1.1%	2016	Reduction by 1.1%	Reduction by 4.3%
Reduction of chemical substance use	Reduction by 2.1%		Reduction by 2.1%	Reduction by 3.1%
Reduction of industrial waste	Reduction by 2.1%		Reduction by 2.1%	Reduction by 2.0%
Reduction of water consumption	Reduction by 0.8%		Reduction by 0.8%	Reduction by 4.3%

Beneficial activities	2017 target	2017 attainment rate
Improvement and increased efficiency of the primary business of each division	Attainment rate: 80%	93.3%

Environmental Education

Education Targeted at Suppliers to Prevent Environmental Accidents

Environmental education is provided to suppliers of chemicals and other products and to industrial waste treatment firms to ensure the prevention of environmental accidents and compliance with laws and regulations.



Suppliers receiving environmental education on the prevention of environmental accidents

Contents of Education

- 1 Request for vehicle inspection to prevent the leakage of fuel, oil, etc.
- 2 Importance of SUMCO personnel being present at the time of delivery/collection and request that their instructions be followed
- 3 Request for inspection of industrial waste collection vehicles, particularly to prevent leakage or dripping of sludge, liquid waste, etc.
- 4 Report of previous environmental accidents that occurred at the Company

Environmental Audits

At SUMCO, internal environmental audits are conducted by internal environmental auditors. Environmental management system audits, meanwhile, are implemented by an external auditor.

Internal Environmental Audit

Internal environmental audits are implemented every year for all organizations subject to the Company's environmental management system. The results are reported to top management and reflected in the following year's activities for continuous improvement of the environmental management system.

Environmental Management System Audit

Audits are implemented every year and a renewal audit is conducted every three years by an external independent auditor.

Compliance with Environmental Legislation

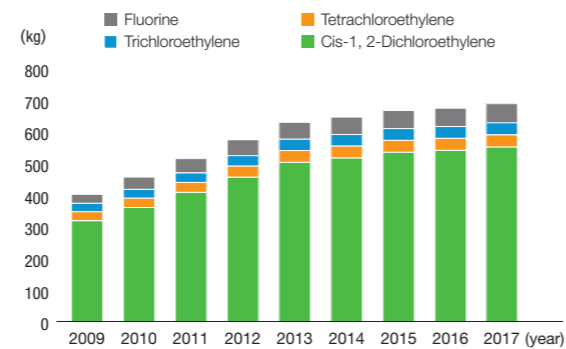
The SUMCO Group ensures that Group companies keep themselves updated about the requirements of laws, regulations, and agreements and that they comply with such requirements.

We also ensure that the Group complies with overseas chemical substance regulations, namely, the Restriction on Hazardous Substances (RoHS) Directive and the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemical Substances (REACH).

Progress of Countermeasures against Soil and Groundwater Contamination at the Noda Office

In a voluntary survey implemented at the Noda Office in 2005, it was found that amounts of volatile organic compounds (VOC) and fluorine exceeded the soil and groundwater environmental standard values. We have ever since been introducing countermeasures in consultation with concerned authorities and others. At present, we are working to prevent the spread of and recover contaminated substances by using a pumping well set up near the boundary of the plant grounds.

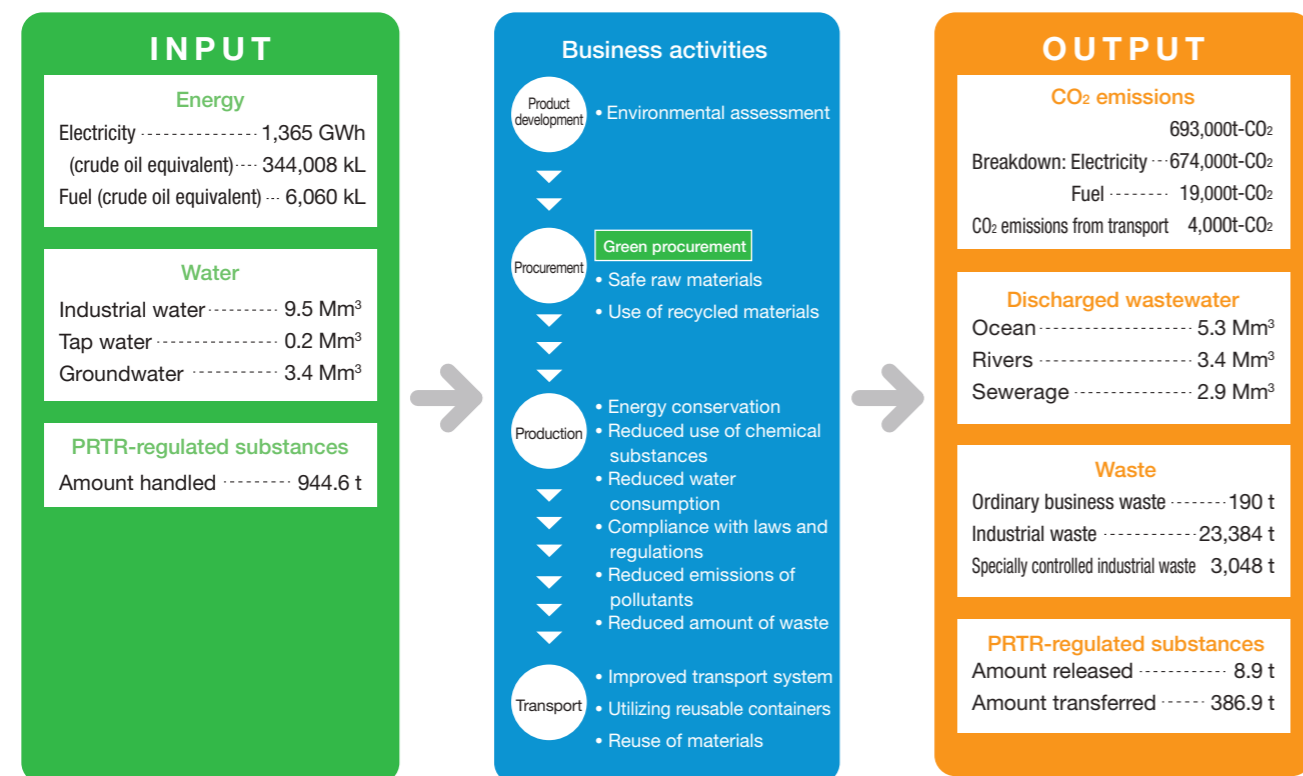
Accumulated Amount of Contaminated Substances Recovered Annually from Groundwater at the Noda Office



Environmental Impact of Business Activities

The depletion of energy resources, global warming, threats to biodiversity, and other environmental problems are having an increasingly serious impact on the global environment. SUMCO promotes environmental considerations and the reduction of environmental impact across its business activities with a particular focus on electric power, chemical substances, waste, and wastewater, which the Company has identified as significant environmental aspects.

Environmental Impact and Business Activities in 2017 (SUMCO Group in Japan)

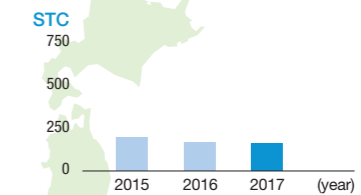
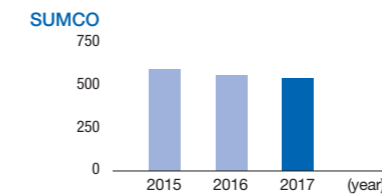


*CO₂ emissions from electricity are calculated using the CO₂ emission coefficient of each electric power supplier.

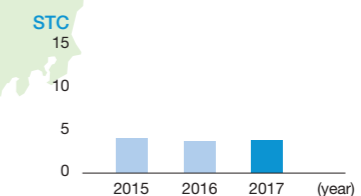
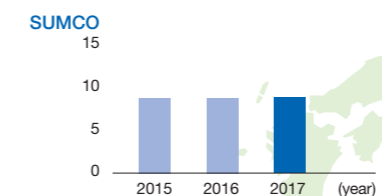
Trends of Environmental Impact

Japan

CO₂ emissions (Japan) (thousand tons per year)

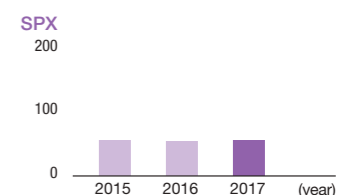
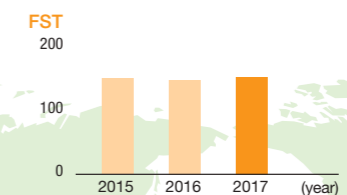
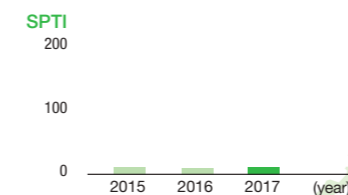


Water consumption (Japan) (million m³ per year)

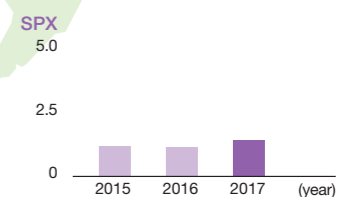
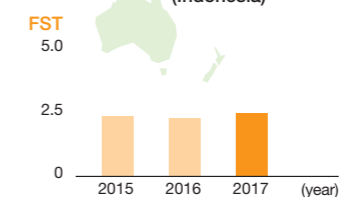
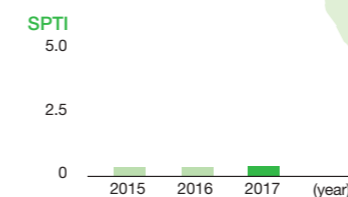


Overseas

CO₂ emissions (overseas) (thousand tons per year)



Water consumption (overseas) (million m³ per year)



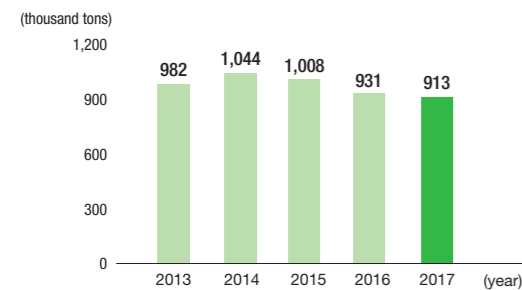
* STC = SUMCO TECHXIV Corporation, SPTI = PT. SUMCO Indonesia, FST = FORMOSA SUMCO TECHNOLOGY CORPORATION, SPX = SUMCO Phoenix Corporation
* CO₂ emissions of the overseas subsidiaries are calculated using the emission coefficient of each country based on the Greenhouse Gas Protocol Initiative.

Combating Global Warming

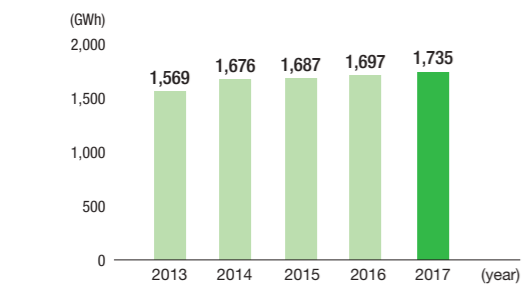
The production of silicon wafers requires a significant amount of electricity. To reduce this power consumption, the SUMCO Group makes every effort to streamline production and make it more rational. When it comes time to update production and utility facilities, we replace them with energy-saving and high-efficiency alternatives.

In offices, lighting is turned off during lunchtime and other breaks, and air conditioners are set at a reasonable temperature to save energy and reduce CO₂ emissions.

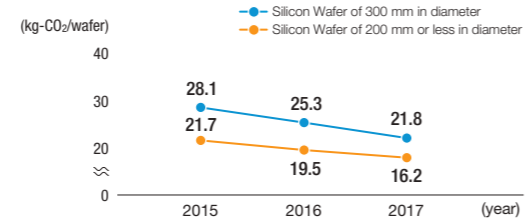
CO₂ Emissions (SUMCO Group)



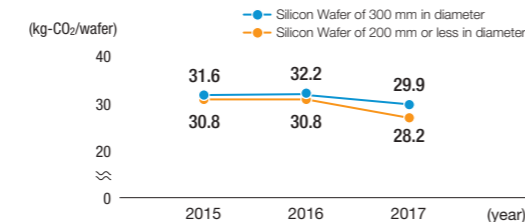
Electric Power Consumption (SUMCO Group)



CO₂ emissions per silicon wafer (SUMCO Group [domestic])



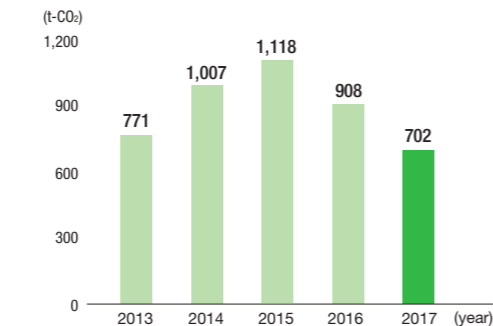
CO₂ emissions per silicon wafer (SUMCO Group [international])



CO₂ Reduction through Modal Shift to Ship Transport in the Field of Logistics

SUMCO used to rely solely on airfreight for the transportation of silicon wafers to overseas markets. However, to reduce both CO₂ emissions and transport costs, we have been promoting a modal shift to ship transport for some of our products since 2009. Since ship transport requires longer transportation lead time and involves changes in the transportation environment, we conduct tests before switching to ship transport to confirm that the quality of products is not affected, as well as consulting with customers.

CO₂ Reduction through Modal Shift to Ship Transport



Reduction of Waste

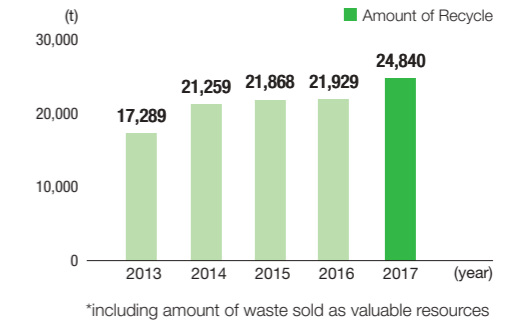
To reduce the large volume of sludge generated at our plants, efforts are currently being made to optimize the quantity of chemicals injected for wastewater treatment. As for waste oil, waste acid, waste alkali, waste plastics, and other waste, we are promoting both their recycling and their conversion into valuable resources.

Waste Reduction through the Adoption of Reusable Containers

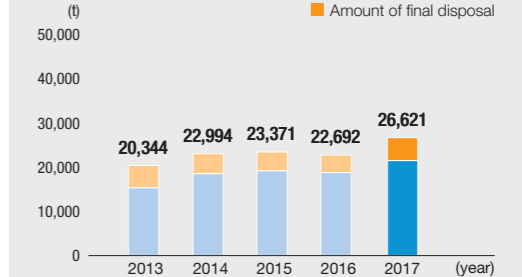
We are replacing the containers used to ship 300-mm diameter silicon wafers with reusable alternatives to reduce post-delivery waste.

The percentage of reusable containers used for shipment in 2017 was 62.3%. Before introducing reusable containers, we conduct tests to ensure that the quality of the products is not affected.

Amount of Recycle (SUMCO Group [Japan])



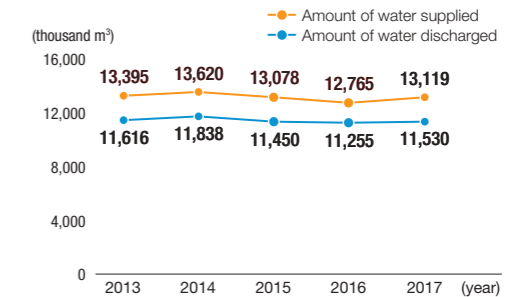
Amount of Disposal (SUMCO Group [Japan])



Effective Use of Water Resources

Industrial water and groundwater are purified through filtering and ion exchange for use at our plants. SUMCO uses the water left after the purification process to cool utility facilities and dilute wastewater treatment chemicals rather than discharging it. We also collect the water used to rinse silicon wafers and for other purposes to conserve as much water as possible for recycling.

Amount of Water Supplied and Discharged (SUMCO Group [Japan])



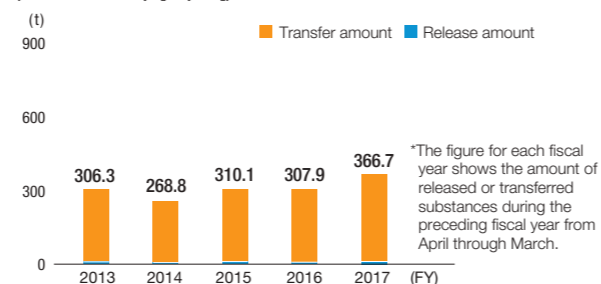
Chemical Substance Management

Amount of PRTR-Regulated Substances Released and Transferred

The Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register/PRTR Law) requires businesses to report the amounts of any designated chemical substances released into the environment or transferred.

In 2017, there were 11 substances subject to reporting under the PRTR Law. The majority of these were substances contained in cleaning agents and fuels.

Amount of PRTR-Regulated Substances Released and Transferred (SUMCO Group [Japan])



List of Substances Subject to PRTR Reporting (Class 1 Designated Chemical Substances: 1 ton or more per year; Specific Class 1 Designated Chemical Substances: 0.5 tons or more per year) Period covered: April 2016 to March 2017

Ordinance No.	Name of Class 1 Designated Chemical Substance	Amount handled	Amount released				Amount transferred	
			Atmosphere	Public waters	Soil	Landfill	Sewerage	Waste
20	2-aminoethanol	14.3	0.00	0.04	0.00	0.00	0.00	0.00
30	Linear alkylbenzene sulfonate (LAS)	18.0	0.00	0.01	0.00	0.00	0.00	0.00
71	Ferric chloride	6.2	0.00	0.00	0.00	0.00	0.00	0.00
80	Xylene	68.6	2.34	0.00	0.00	0.00	0.00	0.08
88	Hexavalent chromium compound	0.8	0.00	0.00	0.00	0.00	0.00	0.77
296	1,2,4-Trimethylbenzene	77.0	0.10	0.00	0.00	0.00	0.00	0.00
300	Toluene	6.7	5.90	0.00	0.00	0.00	0.00	0.83
332	Arsenic and its inorganic compound	0.9	0.00	0.00	0.00	0.00	0.00	0.00
374	Hydrogen fluoride and its water-soluble salts	658.2	0.49	0.02	0.00	0.00	0.00	291.34
407	Poly (oxyethylene) alkyl ether	19.8	0.00	0.02	0.00	0.00	0.18	19.58
410	Poly (oxyethylene) nonylphenyl ether	45.0	0.00	0.00	0.00	0.00	0.00	45.00
Total		915.5	8.83	0.10	0.00	0.00	0.18	357.60

* The amount handled is not equal to the total amount of released and transferred because some substances were released after decomposition and detoxification.

Environmental Impact (SUMCO Phoenix Corporation)

In fiscal year 2017, the improvements continued to be made to the environmental management system. As a result, the amounts of energy conservation, water consumption and the hazardous waste generated were all on a level equivalent to or lower than in the previous year.

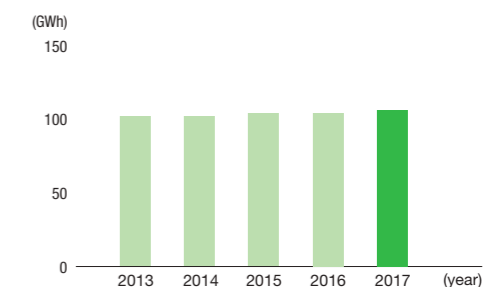
Energy Conservation

Systems and equipments of various types were upgraded or improved for higher energy efficiency. It was therefore possible to achieve lower figures than the previous year, despite increased production.

Main improvement measures

- The use of variable-frequency drive motors expanded.
- The use of energy-saving lighting continued to be expanded.
- The operational efficiency was maximized.

Electric power consumption



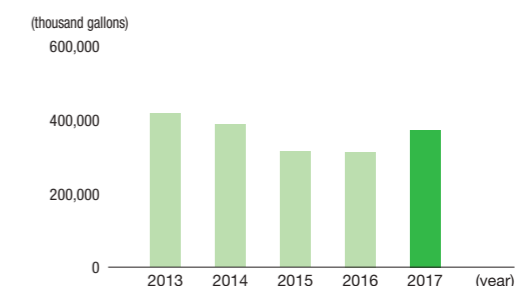
Reduction of Water Consumption

Water is a key resource used in SUMCO manufacturing processes. Over the past few years, therefore, we have been continuously undertaking measures to increase the reuse of water and to decrease the volume of water used. In 2017, increases in production volume brought raises in the volume of water used, however the effectiveness of measures to reduce water use was successfully maintained.

Main improvement measures

- The focus of recycling in water purification
- The focus of reusing rinsing water, etc. used in washing equipment
- Management of appropriate volume of water at each point of use

Water consumption



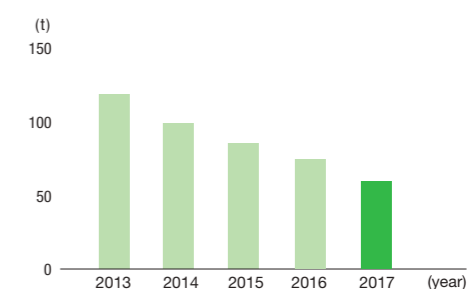
Waste and Chemical Substances

Since 2015, the Company has been continuously implementing measures focused on reducing waste materials/residue containing arsenic as well as effluent. In 2017, figures were successfully lowered comparing to the previous year even though production volumes had been increased.

Main improvement measures

- The focus of reduction activities was placed on major sources of waste, such as arsenic-containing residue and waste water.
- Scrap materials were recycled and reused.
- Examination to further sub-material recycle.

Amount of hazardous waste generated



Interaction with Customers

Quality Control System

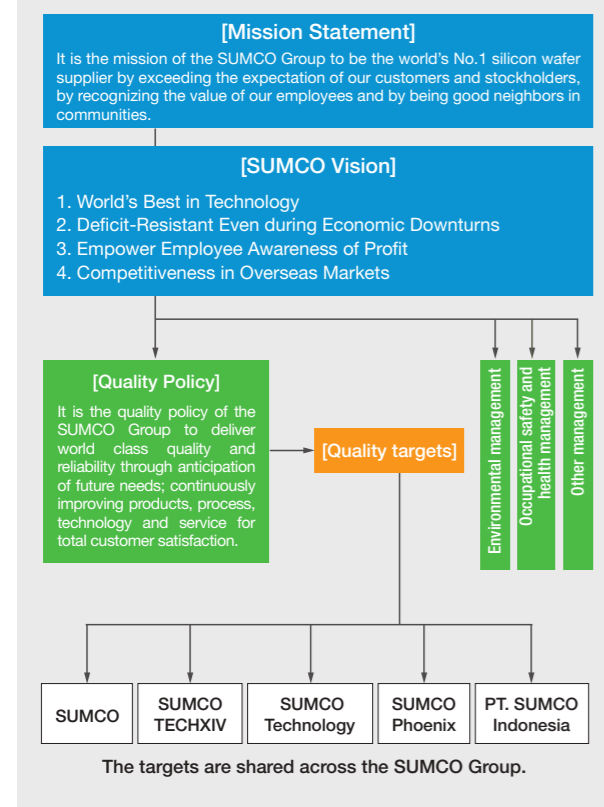
Maintaining and enhancing product reliability and safety is one of our most important social responsibilities.

The SUMCO Group works hard to supply high-quality products that will satisfy customers under our Group-wide unified Quality Policy. We control quality throughout all processes from design and development to production and shipment under a quality management system based on ISO 9001 and ISO/TS 16949 standards across all Group companies, including those abroad, so as to enhance the safety and reliability of our products.

We have also built an internal quality auditing system to ensure continuous improvement of the quality management system.

Our silicon wafer production sites in Japan and abroad are certified to ISO 9001 and ISO/TS 16949.

SUMCO Group's Mission Statement and Quality Policy and Targets



Quality Education

In order to enhance product reliability and safety, it is necessary for not only those in charge but also each worker to have the mindset of a supervisor and improve their skills.

For this reason, we have developed quality education programs for each job and level of employee and assigned instructors for each education program to each silicon wafer production site in Japan to provide necessary education whenever needed.

In 2017, we conducted over 180 internal seminars at domestic plants.

We also provide assistance for quality education at our plants in other countries.



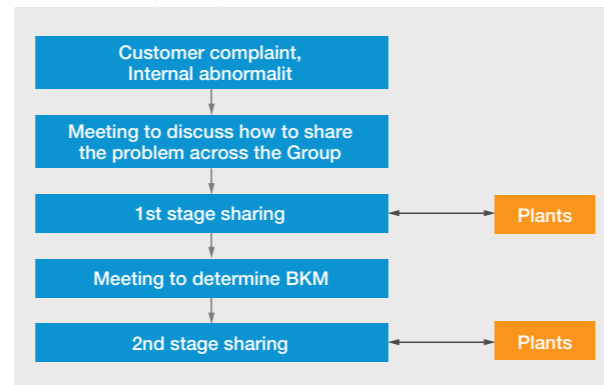
Quality education at one of the SUMCO seminars

Response to Quality Problems

Should a plant become the subject of a customer complaint or experience an abnormality or other quality problem, the plant handles the problem immediately, investigates the cause, and takes measures to prevent recurrence.

Then, the Quality Assurance Department holds a meeting to discuss and determine the best known method (BKM) to prevent recurrence and shares it with all of the Group companies to prevent similar problems from occurring at other plants in Japan and abroad.

Flow for Sharing Quality Problems



Improvement of Customer Satisfaction

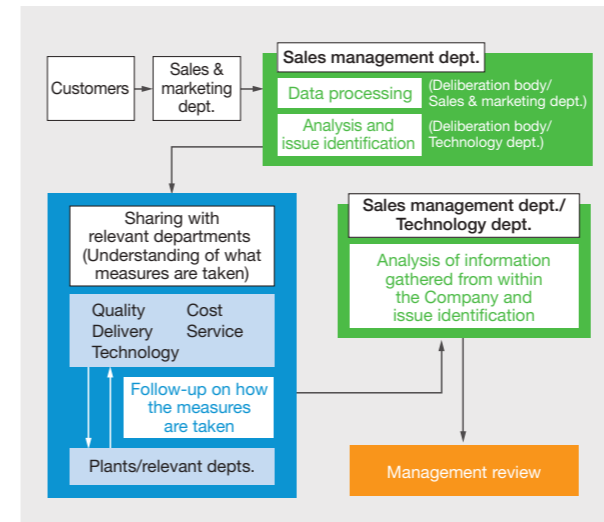
Customer Satisfaction

Customer Satisfaction Survey

To maintain our "first call" status among our customers, evaluations received from customers are shared with relevant departments for continuous improvement and analyzed regularly from four different aspects: quality, cost, delivery, and service (QCDS).

The results of analysis are shared among managements and other relevant departments for inclusion in improvement plans to further enhance customer satisfaction.

Flow for Sharing Customer Satisfaction (CS) Evaluation Information



Communication with Customers

To further enhance customer satisfaction, we strive to improve the quality of products and services through two-way communication with customers.

As part of the initiative to promote communication with customers, we actively hold technical communication meetings both domestically and internationally in order to grasp customer needs accurately and at an early stage, foster technology development at a rapid pace, and reliably provide products that match customer needs.

At the technical communication meetings, we make proposals based on our unique technology, as well as check and follow up on the performance of our products. We position these technology conferences as opportunities to win recognition and trust for the company. The feedback and demands of customers learned from the technical communication meetings are utilized for continuous product improvement of our products and are incorporated in the business plan, such as for formulating technology development road maps that accommodate customers' needs for higher precision or enable product differentiation. By doing so, we strive to maintain or gain a strong presence among customers.

In our initiatives to promote communication with customers, we pay careful attention to compliance issues and endeavor to provide the most valuable information.

Ensuring the Safety of Products

Management of Chemical Substances Contained in Products

SUMCO ensures that the chemical substances regulated by law or those that customers have asked us to eliminate or reduce the use of are managed properly according to internal rules and standards.

Submission of Safety Data Sheets (SDS)

SUMCO makes available safety data sheets (SDS) based on JIS Z7253 to provide information on the related hazards of chemical substances used by the Company and instructions on how to handle them safely.

Interaction with Suppliers

Purchasing Policy

SUMCO ensures that its purchasing is based on mutual trust and fair transactions with suppliers. SUMCO also collaborates with its suppliers to together actively promote compliance with laws, regulations and social norms, support global environmental conservation, and conduct other activities to fulfill its social responsibilities.

1 Transactions based on partnership

We will develop favorable partnerships with our suppliers based on mutual trust.

2 Fair transactions

We will ensure that our procurement is clean, open, and fair.

3 Promotion of value analysis (VA) activities

We will encourage our suppliers to conduct value analysis (VA) activities in order to propose cost improvement methods, new materials, new technologies and others, and will actively adopt such proposals.

4 Compliance in purchasing activities

We will comply with laws, regulations, and social norms in the course of our purchasing activities.

5 Fulfillment of corporate social responsibilities

We will fulfill our social responsibilities when conducting purchasing activities across our entire supply chain, including with respect to our suppliers.

6 Green procurement

We promote the procurement of materials with minimum environmental impact.

CSR Procurement

Basic Stance

SUMCO promotes responsible procurement to fulfill its social responsibilities across its entire supply chain. Together with our suppliers, we pursue procurement that gives due consideration to human rights, work environments, safety and health, environmental conservation, and other issues to ensure that customers can rely on our products and enhance the satisfaction of various stakeholders.

Promotion of Our CSR Policy

Through periodic briefings to suppliers and daily procurement activities, we request our suppliers to make voluntary efforts to promote CSR-oriented management.

Specifically, we distribute to each supplier our Supplier Handbook, which includes a section on CSR as well as our Purchasing Policy and requests to suppliers. The Supplier Handbook is also posted on the procurement website for easy reference at any time.

In this handbook, we ask suppliers that comprise our supply chain to promote CSR. The guideline to be followed in implementing CSR management is the RBA® (Responsible Business Alliance®) Code of Conduct (formerly known as the Electronic Industry Citizenship Coalition). We also encourage subcontractors and sub-subcontractors to implement CSR management.

In addition, we distribute and collect CSR questionnaires based on the RBA® Code of Conduct to our main suppliers to review the status of CSR initiatives at each company. Based on the results, we undertake CSR audits that include field audits of suppliers.

Major Articles of CSR Questionnaire

1. Human Rights and Labor:

- 1 Freely Chosen Employment
- 2 No use of Child labor
- 3 Limitation of Working Hours
- 4 Lawful Wages
- 5 Humane Treatment
- 6 Non-Discrimination
- 7 Freedom of Association

2. Health and Safety:

- 1 Control of Occupational Safety
- 2 Preparedness for Emergency
- 3 Prevention of Occupational Injury and Illness

3. Environment:

- 1 Compliance with Environmental Laws and Regulations
- 2 Pollution Prevention and Waste Reduction
- 3 Control of Energy Consumption and Greenhouse Gas Emission

4. Ethics

- 1 Compliance with Laws
- 2 Fair Business Activities

5. Business Continuity

- 1 Risk Assessment and Risk Management
- 2 Business Continuity Plan (BCP)

6. Contribution to Society

7. Management System

Strengthening of Business Continuity Plans for Material Procurement

SUMCO promotes optimum inventory control and multi sources for procured materials according to the level of risk involved. If a disaster or accident should occur, we immediately launch an investigation into its impact, while we take all possible steps for emergency procurement, including finding alternative suppliers and adopting alternative products, thus ensuring the necessary framework to do all we can to minimize the impact on production.

1 Optimum inventory control for each category of procured material

We will review inventory quantities, storage sites, transportation methods, and others for each type of material whenever necessary.

2 Source investigation and risk response

We will investigate and confirm production sites and sources of major items and respond according to the level of risk involved.

3 Maintenance, enhancement, and review of business continuity plans for each item procured

We will develop business continuity plans for each major item so that we can properly respond to the occurrence of any risk.

4 Risk assessment of suppliers

We will periodically conduct checks on our main suppliers with respect to their financial condition, production systems, business continuity plans, and others and respond appropriately depending on the results.



Briefing to Supplier

Interaction with Shareholders and Investors

Basic Policy on Information Disclosure

SUMCO believes timely and appropriate disclosure of corporate information to investors is a core element in ensuring a sound stock market. The company shall commit itself to speedy, accurate, and fair disclosure of corporate information while always adopting the perspective of investors. Corporate information that is useful in investor decision-making shall be actively disclosed even when not mandated by laws and regulations.

Communication with Shareholders and Investors

General Meeting of Shareholders

SUMCO positions General Meeting of Shareholders as the occasion where important decisions on the Company's policies and other matters are made as well as an opportunity to promote shareholders' understanding of the Company. The notice of convocation, in both Japanese and English, is posted on our website. We also effort to provide explanations of the details of each agenda item and answer questions asked by shareholders during meetings in as clear a manner as possible by utilizing narrated video footage.



Message to Shareholder

IR Activities

SUMCO's basic policy on investor relations is to ensure fair, impartial, and timely disclosure of the Company's management vision, business situation, financial performance, and other corporate information to allow investors to evaluate the Company's value fairly. We also ensure that opinions from investors are reflected in our management for the continuous enhancement of our corporate value.

The English and Japanese version of documents are published simultaneously to ensure fair disclosure of information for both Japanese and overseas shareholders and investors.

The Timely Disclosure Network (TDnet) of the Tokyo Stock Exchange is utilized to disclose information that needs to be disclosed in a timely fashion, and documents are posted both in Japanese and English simultaneously on our website. Annual Report and Message to Shareholder are also published to convey messages from top management and report business performance and conditions to help investors develop a better understanding of the Company.



Annual Report 2016

Interaction with Local Communities

Participation in Cleaning Activities

SUMCO's Chitose Plant (Chitose City, Hokkaido Prefecture) is carrying on a clean-up program on approximately 1.5 km of sidewalks along the main roads of the Chitose Industrial Complex where the plant is located. Plant members pick up empty cans and trash that have been discarded, as well as fallen leaves and other refuse, to keep the sidewalks pleasant for joggers and people who walk there on the way to work and school. To ensure users can enjoy a pleasant jog or pedestrian commute, we will continue our initiatives to protect the environment around roads.



Clean-up program in the Chitose Industrial Complex

The Yonezawa Plant actively engages in various environmental activities in cooperation with other companies in the Hachimanpara Industrial Park in which the plant is located. These activities include cleaning up areas along major roads and planting seasonal flowers in median strips of roads inside the park, with the local government and a local elementary school also taking part.

At the Nagasaki Plant of SUMCO TECHXIV Corporation (Omura City, Nagasaki Prefecture) many employees and their families participate each year in the cleanup of the Omura Bay coastal area hosted by the "Omura Bay Cleanup Project."

Together with nearby companies, SUMCO TECHXIV Corporation's Miyazaki Plant (Miyazaki City, Miyazaki Prefecture) is cooperating with neighboring businesses, we continue to be involved in a local cleanup initiative called the "Kiyotake-cho KINRIN Clean Activity" every year, as well as in an environmental conservation project for the Kiyotake River in association with local groups.



Kiyotake-cho KINRIN Clean Activity

SUMCO Technology Corporation (Noda City, Chiba Prefecture) participates annually in the Edogawa Clean Campaign as a member of the Southern Industrial Complex, which is sponsored by the Edogawa River Office of the Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism and other organizations in 13 municipalities located near the Edogawa River, collecting empty cans and bottles, etc. thrown out at and the cleaning up of areas around the river bank. Every other month, SUMCO Technology engages in the cleanup of the industrial complex premises, including the plant premises as well as the adjacent municipal roads and sidewalks. We promote this initiative as well as encourage other companies in the entire industrial complex.



Edogawa Cleanup Mission

Greening Initiatives

At our Chitose Plant, we are engaged in the greening of the local area. In June, after the snow season, we entered the "Flower-Filled Contest" hosted by Chitose city's greening promotion foundation (Chitose Environment and Greenery Foundation) and planted colorful flowers such as marigolds and scarlet sages in the green belt on roads around the plant.

At SUMCO Support Corporation* Noda Operation Department located in Noda, Chiba, we conduct "Flower Project" initiatives including voluntary creation of flowerbeds and planting of seeds and seedlings, thereby delighting visitors to the Noda area and employees alike.

*SUMCO Support Corporation (head office located in Imari, Saga) is a special subsidiary company established with the purpose of employing persons with disabilities.



Flower-Filled Contest



Flower Project

Interaction with Local Communities

Support for a Vocational Facility for People with Disabilities

At the Yonezawa Plant, we collect empty plastic bottles and cans from the plant and employees' homes and provide them via recycling operators to vocational facilities for persons with disabilities to support their employment. Using the money received from the recycling firm for the sale of such bottles and cans, the plant also periodically purchases useful items and donates to the facility.

Relationship with Local High Schools

At the Nagasaki Plant of SUMCO TECHXIV Corporation, we have maintained a relationship with local high schools since the establishment of the plant. Every year, we host study tours to inspect the production process or the extra-high-voltage monitoring room for the power intake facility, as well as providing internships. Responding to requests from local high schools, we also send employees to give lectures on semiconductors.



Dispatch of employee lecturers to local high school

Participation in Emergency Drills at Welfare Institutions

At the Nagasaki Plant of SUMCO TECHXIV Corporation, we have organized an external rescue team, and joint rescue drills are conducted every year to prepare the team for fire disasters at nearby welfare institutions.



Emergency drill

Participation in Emergency Drills

The team at SUMCO Service Corporation (Kishima, Saga) participated in the "Early-Fire Extinguish Competition" hosted by the City of Imari Fire Control Association. It received the performance award for its safety, credibility, and speed in reporting the incident, extinguishing the fire, evacuating, and providing first aid treatment.

Also, the Miyazaki Plant of SUMCO TECHXIV Corporation sends a team every year to the Indoor Fire Hydrant Operation Contest hosted by the Miyazaki Prefectural Fire Department, thus enhancing its ability to protect itself in the event of a fire disaster as well as raising awareness around disaster prevention. The team also participated in the 2017 contest and gave a commanding performance, displaying the fruits of regular practices.

Participation in Traffic Safety Initiatives

SUMCO's Chitose Plant participates in a traffic safety campaign undertaken during the traffic safety campaign week each spring and autumn. Participation involves the employees lining up along a road to remind drivers and pedestrians about traffic safety.

The Kyushu Plant (Saga Prefecture) is engaged in traffic safety initiatives as a member of the local district's Safe Driving Supervisors Committee, including annual participation in the "Traffic Mirror Cleaning Initiative (March)" for school zones and residential areas, as well as the "Early Headlight Lighting Initiative (November)" to encourage drivers to turn on their headlights before it gets dark.

Additionally, the Miyazaki Plant of SUMCO TECHXIV Corporation has been recognized as a "Model Plant for Safe Driving Supervising" for 2017 by the Miyazaki South Police Station and the Miyazaki South Safe Driving Supervisors Committee. The plant is committed to actively engaging in traffic accident prevention initiatives to eliminate critical traffic disasters by promoting adherence to traffic rules and road etiquette.



Appealing to drivers to drive safely



Early Headlight Lighting Initiative

Participation in Safety Patrol by Women

At the Nagasaki Plant of SUMCO TECHXIV Corporation, female employee representatives take part in patrols around plants or construction sites within the prefecture as a member of the safety patrol team for women called the "Support Team for Shining Women," organized by the Nagasaki Labor Bureau.



Safety patrol by women

Participation in Local Events

In Barajima, Akita, where our JSQ Division is located, the "Barajima Kanto Group," which is headed by an employee, participates in the Akita Kanto Festival every year. The group fell just short of winning a prize in the "Kanto Myogikai" this year, but their dynamic pole lantern performance at the "Yoru Kanto" earned thunderous applause from spectators gathered from around the country.

* The "Kanto Myogikai" is a pole lantern performance contest that takes place during the day as part of the Akita Kanto Festival, with the objective of preserving skills in lantern balancing and its musical accompaniment. Pole lantern performances during the night are called "Yoru Kanto."



Performance for the JSQ Division



Yoru Kanto

To give a boost to the community event as one of the companies in Imari City, the SUMCO Kyushu Factory (Saga Prefecture) participates in an annual event, the "Imari Autumn Festival—Imari Dance in ALL," hoping to make a contribution to the vitalization of the region.



Participates in an annual event, the "Imari Autumn Festival—Imari Dance in All"

Cooperation and Participation in Sports Events

SUMCO cooperates and participates in local sports events. The Imari SUMCO Kyushu Factory (Saga Prefecture) co-sponsors the IMARI HALF-MARATHON every year in the distribution of runner bibs. In 2018, more than 3,000 participants attended the competition and they ran through the city in the early spring weather.

On January 28, 2018, the Imari road relay race team from the SUMCO Kyushu Factory took part in the 71th Tozai Matsuura Relay Race competition (sponsored by the Saga Shimbun), won the 12th championship in two years.

SUMCO TECHXIV Corporation was a sponsor of the Sumo Omura Tournament held in December 2017 to celebrate the 75th anniversary of the founding of the municipal government in Omura, where the Nagasaki Plant is located.



Photos provided by: Saga Shimbun Co., Ltd
The 71th Tozai Matsuura Relay Race competition

Interaction with Employees

■ Respect for Human Rights

The SUMCO Group pledges in the "SUMCO CSR Policy" to maintain safe, healthy, comfortable, and appropriate workplace for everybody working in SUMCO, to have a high regard for human rights, ability and personality and to realize fair and diverse ways of working. To this end, we strive to create a workplace where employees are motivated to work hard." Based on this policy, the SUMCO Group prohibits prejudicial treatment and workplace harassment based on race, religion, gender, age, or for other illegitimate reasons. We also do not use child labor or forced labor, and we make sure we adhere to all statutory standards related to working hours, holidays, and wages.

■ Establishment of Human Rights Awareness and Promotion Committee

The SUMCO Group annually convenes the Human Rights Awareness and Promotion Committee, a company-wide committee that includes group companies, and engages in human rights awareness initiatives on a regular basis. This committee confirms and shares the policies and content of human rights awareness initiatives for each fiscal year, based on which each plant or group company engages in its own initiatives. The committee also invites external experts to give talks and conducts awareness training using audiovisual materials.

Major Themes Covered in Human Rights Awareness Training

- Respect for diversity
- Workplace harassment
- Sexual harassment
- Harassment related to pregnancy, childbirth, childcare, or nursing care leave in the workplace
- Mental health issues in the workplace
- Human rights for the elderly

■ Maintaining and Enhancing a Pleasant Working Environment

The SUMCO Group is committed to always maintaining and enhancing a pleasant working environment. To this end, various harassment training programs are provided regularly to all employees to raise awareness in the workplace. There is also a harassment consultation service at each plant with both male and female consultants, so that employees can casually seek advice at any time.

We also make sure that employees are treated fairly and are compensated by a salary system that is not biased by gender.

■ Human Resources Development

As declared in the SUMCO Vision, SUMCO aspires to become the "World's Best in Technology." To reach this goal, diversified training opportunities are provided to employees at all levels, from new recruits to managers and executives, to encourage them to pursue lifelong education and stay abreast of changing needs as well as to develop them into individuals able to think and act independently. Up-and-coming engineers are also provided every year with an opportunity to present their research achievements to senior managements as a means of enhancing their motivation.

To pursue "Empower Employee Awareness of Profit" in the SUMCO Vision, the SUMCO CEO AWARD was established as the SUMCO Group's highest award. This award will be presented every year to individuals and organizations that have made a meaningful contribution to increasing the Group's value. Along with this award, the Group also holds presentations by TPM teams annually in order to recognize outstanding success.

Furthermore, in line with our aim to enhance "Competitiveness in Overseas Markets" in the SUMCO Vision, we are working to develop a globally competitive human resources by encouraging employees to become familiar with and respect different cultures and values as well as by enhancing programs for studying abroad and acquiring foreign language skills.



Presentation by up-and-coming engineers



SUMCO CEO AWARD

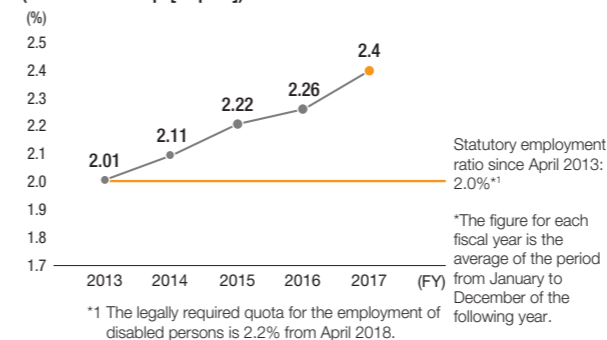
■ Utilization and Development of a Diverse Workforce

Employment of People with Disabilities

SUMCO established SUMCO Support Corporation, which gives special consideration to employing people with disabilities, in 2004. In May the same year, SUMCO Support was designated as a "special subsidiary company" by the government. Ever since, people experiencing various challenges in their lives have found job opportunities and been employed in a wide range of areas, both at SUMCO Support and various other Group companies.

The SUMCO Group continues its efforts to fit the right person to the right job in order to help individual employees reach their full potential as well as to provide employment opportunities and maintain and improve supportive work environments for people with disabilities.

Employment Ratio of People with Disabilities (SUMCO Group [Japan])



Employment of Older Workers

We have a re-employment system by which employees, if they are well-motivated and wish to continue working after mandatory retirement at age 60, can continue working until age 65 at the same pre-retirement level of compensation. This allows them to continue to contribute their rich experience and high-level skills or expertise.

Utilization of Global Talent

The SUMCO Group has manufacturing plants in the US, Taiwan, and Indonesia, as well as sales offices around the world. We aim to grow further as a global company by hiring locally and actively employing excellent global talent regardless of nationality.

■ Various Paid Leave Systems

We support employees in fulfilling their childcare and nursing care responsibilities through childcare leave, nursing care leave, and reduced work hours for employees with preschool-aged children.

The Number of Employees Who Took Family Leave (January to December 2017) (SUMCO)

	Male	Female	Total
Maternity leave	0	8	8
Childcare leave	0	14	14
Nursing care leave	2	0	2

Additionally, we have a special welfare leave system that can be used for illness or injury, comprehensive medical examinations, nursing care for family members, or prenatal checkups. This can be accumulated from up to six days per year of expired paid leave, with a limit of 60 days in total. Through this system, we support employees facing unforeseen circumstances.

We also have volunteer leave and refreshment leave for long-term employees, so that we can ensure a more pleasant working environment.

■ Recreational Events for Employees

We hold recreational events for employees, with the objective of stimulating more communication at the workplace and raising awareness toward better employee health. In 2017, the JSQ Division hosted the "Inter-Office Dodgebee Competition" attended by many employees. The atmosphere at the event was one of excitement all around, as it proved a valuable opportunity for employees to network with colleagues in other workplaces.



Inter-Office Dodgebee Competition

■ Labor-Management Relations

SUMCO's basic labor-management policy is to maintain sound relations based on mutual understanding and trust, and to solve issues through discussion for the perpetual development of the Company and improvement of working conditions.

Specifically, with the aim of maintaining business operations based on integrated efforts between labor and management, a labor-management meeting is generally held twice a year to share information and promote communication. Also, at labor-management meetings held once a month at each plant, plant managers and union representatives discuss such issues as the production situation.

Furthermore, the Labor-Management Study Committee meets regularly throughout the year to discuss important issues such as the improvement of working conditions and review of various systems from multifaceted, holistic, and long-term perspectives, thus allowing labor and management to work closely together to address various issues.

■ Employment Status

(as of the end of December 2017)

Number of Employees (full-time equivalents)

Item	Regular employees	Temporary employees
SUMCO	3,616	439
Consolidated	7,711	
	Japan	5,431
	Overseas	2,280

Number of Employees by Region (Consolidated)

Region	No. of employees
Japan	5,431
North America	583
Southeast Asia	337
East Asia	1,340
Europe	20
Total	7,711

Breakdown of Employees (Consolidated)

	Managers	General employees	Total
Male	784	6,257	7,041
Female	46	624	670
Total	830	6,881	7,711

Initiatives for Safety and Health

■ Basic Policy

In SUMCO CSR Policy, the SUMCO Group pledges to "maintain safe, healthy, comfortable and appropriate workplaces for everybody working in SUMCO, shall have a high regard for human rights, ability and personality, and shall realize fair and diverse ways of working in SUMCO." Based on this, all companies in the SUMCO Group promote safety and health initiatives under the following basic principles and policy.

SUMCO Group Basic Policy on Safety and Health

Basic Principle

Under the principle that "the safety and health of employees takes the highest priority over all.", the SUMCO Group is committed to "creating a safe and pleasant workplace environment supportive of good mental and physical health" through leadership by supervisors and through active communication across the organization.

Basic Policy

- 1 We will collectively and thoroughly strive to create a workplace where all members adhere to relevant laws and regulations as well as rules stipulated in manuals or work procedures.
- 2 In the event of any work-related accidents, we will collectively and thoroughly analyze the root cause and implement measures to prevent their recurrence.
- 3 We will collectively and thoroughly strive to create an open workplace environment, as well as to maintain and promote their mental and physical health and to prevent occupational illnesses.
- 4 We will collectively and thoroughly engage in raising awareness of traffic consideration and promote traffic safety initiatives as models for society.

■ Initiatives for Safety and Health

Promotion Framework

The SUMCO Group annually convenes the Company-wide Safety and Health Committee with the purpose of discussing and approving group-wide issues related to safety and health, reporting on activities, and exchanging information to contribute to maintaining and enhancing the group's safety and health management.

This committee, attended by the Chief Health Officer and other executives, reports on group-wide activities related to safety, health, and hygiene management as well as major work-related accidents, and discusses and approves issues and objectives related to safety and health for the following fiscal year.

Additionally, each plant defines policies and objectives related to safety and health for each fiscal year based on company-wide safety and health issues, and engages in daily activities to achieve those objectives.

Occupational Safety and Health Initiatives

The SUMCO Group implements Occupational Safety and Health Management System (OSHMS) aimed at achieving zero accidents at workplaces. With this system, the management defines a sequence of "Plan – Do – Check – Act" (PDCA) to manage health and safety on a regular and voluntary basis, with cooperation of employees. This is a safety and health management framework aimed at preventing work-related accidents, promoting employee health and creating a pleasant working environment, and contributes to raising the level of safety and health in the workplace.

■ SUMCO Nursery School Imari

In a bid to help employees with small children balance their work and child-rearing, the Company set up SUMCO Nursery School Imari at our Kyushu Factory on November 1, 2016. Through this initiative, SUMCO believes that it has taken positive steps to provide employees with small children a comfortable and pleasant workplace environment.

As a new way of contributing to society, the facility is also a community day care service based on the Japanese

government's Comprehensive Support System for Children and Childrearing. Accordingly, a portion of the capacity will be made available to local residents who are not SUMCO employees.

Looking ahead, SUMCO will promote a variety of initiatives in order to put in place a workplace environment in which a diverse array of employees can excel while ensuring harmonious coexistence with the local community.



SUMCO Nursery School Imari



Evacuation drills



Christmas party

Measures to Prevent Work-Related Injuries

To prevent work-related accidents, the SUMCO Group conducts risk assessments for facilities, operations, and chemical substances, makes improvements to facilities, reviews operation procedures, and installs appropriate protective equipment to mitigate the risk of work-related accidents.

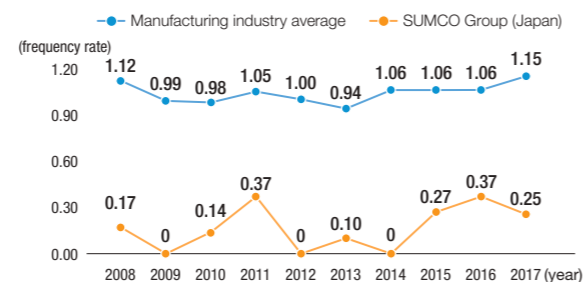
For the introduction of chemical substances, we ensure safety by setting up an advisory panel staffed by experts and conducting an evaluation in advance.

Additionally, we have also started implementing risk assessment for the prevention of explosions and fire disasters as another method of risk assessment.



Risk assessment training on explosion and fire prevention

Accident Frequency Rate*



*Accident frequency rate = Number of workers killed or injured in occupational accidents / Total working hours × 1,000,000

Safety and Health/Disaster Prevention Awards Received (in the past five years)

Year & month	Award	Awarded site
October 2013	Federation of Labor Standards Associations Chairman's Commendation for Safety Management	Noda Plant, SUMCO Technology Corp.
October 2013	Saga Labor Bureau Director's Commendation for Safety and Health	Kyushu Factory (Kubara), SUMCO Corp.
October 2013	Ministry of Health, Labor and Welfare Class 2 No Accident Record (10.5 million hours)	Kyushu Factory (Saga), SUMCO Corp.
February 2014	Ministry of Health, Labor and Welfare Class 1 No Accident Record (7 million hours)	Kyushu Factory (Kubara), SUMCO Corp.
May 2014	Letter of Appreciation from Saga Pref. Governor for Safety Management of High-Pressure Gas	Kyushu Factory (Saga), SUMCO Corp.
July 2015	Hokkaido Labor Bureau Director's Commendation	Chitose Plant, SUMCO Corp.
March 2016	Recognized by the Volunteer Fire Corps Factory of the Fire and Disaster Management Agency, Ministry of Internal Affairs and Communications	Kyushu Factory (Imari), SUMCO Corp.
June 2016	Ministry of Health, Labor and Welfare Class 2 No Accident Record (10.5 million hours)	Nagasaki Plant, SUMCO TECHXIV Corp.
October 2016	Excellent Safety Operations Facility Bronze Medal	Miyazaki Plant, SUMCO TECHXIV Corp.
October 2017	Yamagata Labor Bureau Director's Commendation	Yonezawa Plant, SUMCO Corp.
October 2017	Letter of Appreciation from Miyazaki Fire Prevention Committee	Miyazaki Plant, SUMCO TECHXIV Corp.
December 2017	Letter of Appreciation from Japanese Red Cross Society (Blood donation)	Chitose Plant, SUMCO Corp.

Promotion of Health

Principle of Employees' Health at SUMCO Group

Under the principle that "the safety and health of employees takes the highest priority over all.", the SUMCO Group strives to create a bright and lively workplace with high job satisfaction and has announced the "SUMCO Group Health Declaration" both internally and externally.

SUMCO Group Health Declaration

The SUMCO Group considers employee's health to be an important management resource and strives to be a group in which all employees work energetically by supporting voluntary health promotion by each employee, as well as implementing active organizational initiatives.

Defining Health Initiatives Index and Conducting PDCA

The SUMCO Group has drawn up a health initiatives index for all domestic plants, with single-year goals as well as three-year and five-year mid-term goals. We implement various activities under the leadership of the Chief Health Officer, assess them and consider improvement strategies at the regular "Health Promotion Meeting" and "Company-wide Health Committee", and conduct sequences of PDCA.

Company-Wide Health Initiatives Index (8 items)

- 1 Percentage of smokers
- 2 Obesity rate
- 3 Metabolic syndrome rate
- 4 Percentage of sleep-deprived employees with insufficient rest
- 5 Percentage of employees habitually engaging in more than 30 minutes of exercise
- 6 Health risk levels according to ERI model
- 7 Percentage of employees with high levels of stress
- 8 Percentage of employees that undergo regular and secondary medical checkups

Specific Initiatives for Health Promotion

To further enhance our health initiatives, we first sent letters to employees and their families to encourage greater awareness of health issues. Since maintaining and improving our health is based on regular and voluntary activities at the individual level, we ask that employees become conscious of health issues and actively engage in various health initiatives with their families.

We also promote initiatives to maintain and improve employee health as a company through well-planned company-wide initiatives.

Examples of Specific Health Promotion Initiatives

- Inter-office challenge race for smoking abstinence
- On-site health lessons (smoking abstinence, mental health)
- Walking events, sports gym contracts
- Expansion of regular medical checkups (cancer screening)
- Campaign to encourage all employees to undergo regular and secondary medical checkups
- Workplace improvement initiatives based on results of stress checks
- Exercises to prevent risk of falling



Lesson in an exercise to prevent risk of falling

2017 data on the acquisition status of ISO 14001 certification for the SUMCO Group's business sites/plants and regulated substances discharged from each site/plant to the surrounding air and water

Name of business site/plant		SUMCO Corporation Kyushu Factory (Nagahama)	SUMCO Corporation Kyushu Factory (Kubara)	SUMCO Corporation Kyushu Factory (Saga)
Scope of business		Design, development and manufacture of silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2018	January 11, 2018	January 11, 2018

Air		Measurement results (regulation value)	Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler 90 (150)	Boiler 66 (150)	Boiler 69 (110)
Sulfur oxides (SOx)	m ³ N/h	ND (K-value regulation 17.5)	ND (K-value regulation 17.5)	/
Soot and dust	g/m ³ N	Boiler ND (/)	Boiler ND (/)	Boiler ND (0.001)

Water		Regulation value	Measurement result	Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	/	/ ¹	/	/ ¹	10	7.4
Chemical oxygen demand (COD)	mg/l	30	11.7	30	7.2	/	/
Suspended solids (SS)	mg/l	30	12	30	6	25	9
N-hexane extract	mg/l	5	0.5	5	0.6	3	ND
Iodine consumption	mg/l	/	/	/	/	/	/
Fluorine and its compounds	mg/l	8	4.3	8	2.8	3	0.9
Ammoniac nitrogen	mg/l	80	15	80	27	100	13.9
Nitrate nitrogen	mg/l						
Nitrite-nitrogen	mg/l						
Nitrogen content (T-N)	mg/l	120	35	120	31	60	27.8
Chromium content (T-Cr)	mg/l	0.2	ND	0.2	ND	0.2	ND
Phosphorus content (T-P)	mg/l	12	0.22	12	0.23	8	0.89
Arsenic	mg/l	0.05	ND	0.05	ND	0.1	ND
Trichloroethylene	mg/l	0.1	ND	0.1	ND	0.1	ND

¹ Only the drainage standard concerning COD applies to the Kyushu Factory (Nagahama) and Kyushu Factory (Kubara) because their treated drainage is discharged into the sea.
 * Measurement results provided on pages 37-41 indicate maximum values identified during the reporting period. Representation of the symbols used in the tables is as follows:
 "/" stands for "non-target," "ND" for "not detected," and "-" for "not measured."

Name of business site/plant		SUMCO Corporation Noda Office	SUMCO Corporation Yonezawa Plant
Scope of business		Manufacture of Silicon wafer	Design, development and manufacture of monocrystalline silicon ingots
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2018	January 11, 2018

Air		Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler 68 (260)	Boiler (/)
Sulfur oxides (SOx)	m ³ N/h	0.02 (K-value regulation 9.0)	/
Soot and dust	g/m ³ N	Boiler 0.005 (0.3)	Boiler (/)

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	25	19.1	600	15
Chemical oxygen demand (COD)	mg/l	20	16.4	/	/
Suspended solids (SS)	mg/l	50	10	600	28
N-hexane extract	mg/l	3	ND	5	ND
Iodine consumption	mg/l	/	/	220	2.5
Fluorine and its compounds	mg/l	8	7.4	8	2.6
Ammoniac nitrogen	mg/l	100	13.0	380	175
Nitrate nitrogen	mg/l				
Nitrite-nitrogen	mg/l				
Nitrogen content (T-N)	mg/l	30	24	/	/
Chromium content (T-Cr)	mg/l	1	ND	0.5	ND
Phosphorus content (T-P)	mg/l	2	0.2	/	/
Arsenic	mg/l	0.05	ND	0.1	ND
Trichloroethylene	mg/l	0.1	ND	0.1	-

* The drainage standard concerning COD applies to the Noda Office based on the total pollutant load control standards for drainage into Tokyo Bay.
 * Wastewater from the Yonezawa Plant is discharged to a public sewer and therefore falls under the category of "wastewater discharged into rivers after treatment at sewage plants" under the Sewerage Law. For this reason, the regulation value for fluorine compounds is 8 mg/l.

Name of business site/plant		SUMCO Corporation Chitose Plant	SUMCO Corporation JSQ Division
Scope of business		Design, development and manufacture of silicon wafers	Design, development and manufacture of quartz crucibles
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999
	Date of renewal	January 11, 2018	January 11, 2018

Air		Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler / (/)	Firing furnace (/)
Sulfur oxides (SOx)	m ³ N/h	/	/
Soot and dust	g/m ³ N	Boiler / (/)	Firing furnace 0.1 (0.2)

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	600	4.2	160	11
Chemical oxygen demand (COD)	mg/l	/	/	/	/
Suspended solids (SS)	mg/l	600	6	200	27
N-hexane extract	mg/l	5	ND	5	ND
Iodine consumption	mg/l	/	/	/	/
Fluorine and its compounds	mg/l	8	5.2	8	0.3
Ammoniac nitrogen	mg/l	/	/	100	4.0
Nitrate nitrogen	mg/l				
Nitrite-nitrogen	mg/l				
Nitrogen content (T-N)	mg/l	/	/	120	4.1
Chromium content (T-Cr)	mg/l	2	ND	2	ND
Phosphorus content (T-P)	mg/l	/	/	16	ND
Arsenic	mg/l	/	/	0.1	ND
Trichloroethylene	mg/l	0.1	-	0.1	ND

* The Sewerage Law applies to Chitose Plant because drainage from these facilities is discharged into the sewerage system (subsequently released into the river). Accordingly, the fluorine compound regulation value is set as 8 mg/l.

Name of business site/plant		SUMCO TECHXIV Corporation Nagasaki Plant	SUMCO TECHXIV Corporation Miyazaki Plant
Scope of business		Design, development and manufacture of monocrystalline silicon ingots and silicon wafers	Design, development and manufacture of monocrystalline silicon ingots and silicon wafers
Status of acquisition of ISO 14001:2015 certification	Examining organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization
	Date of acquisition	January 11, 1999	January 11, 1999
	Date of revision	January 11, 2018	January 11, 2018

Air		Measurement results (regulation value)	Measurement results (regulation value)
Nitrogen oxides (NOx)	ppm	Boiler 88 (260)	Boiler 77 (150)
Sulfur oxides (SOx)	m ³ N/h	0.004 (K-value regulation 17.5)	/
Soot and dust	g/m ³ N	Boiler 0.01 (0.3)	Boiler -- (0.1)

Water		Regulation value	Measurement result	Regulation value	Measurement result
Biological oxygen demand (BOD)	mg/l	600	86.8	25	3.3
Chemical oxygen demand (COD)	mg/l	/	/	/	/
Suspended solids (SS)	mg/l	600	37	30	2
N-hexane extract	mg/l	5	ND	5	ND
Iodine consumption	mg/l	/	/	/	/
Fluorine and its compounds	mg/l	15	10.7	8	1.6
Ammoniac nitrogen	mg/l	380	65.3	100	7.7
Nitrate nitrogen	mg/l				
Nitrite-nitrogen	mg/l				
Nitrogen content (T-N)	mg/l	240	90.2	120	10.0
Chromium content (T-Cr)	mg/l	2	ND	0.2	ND
Phosphorus content (T-P)	mg/l	32	0.54	16	0.04
Arsenic	mg/l	0.1	0.004	0.1	-
Trichloroethylene	mg/l	0.1	ND	0.1	-

* The Sewerage Law applies to SUMCO TECHXIV Corporation Nagasaki Plant because drainage from the company is discharged into the sewerage system (subsequently released into the sea). Accordingly, the fluorine compound regulation value is set as 15 mg/l.

* The drainage standard concerning BOD applies to SUMCO TECHXIV Corporation Miyazaki Plant because its treated drainage is discharged into the river.

* The frequency of measurement of air soot and dust at SUMCO TECHXIV Corporation Miyazaki Plant has been revised to once every five years. (The next measurement will take place in 2018.)



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